ORAL ARGUMENT NOT YET SCHEDULED
Nos. 16-5356 & 16-5357 (consolidated)

IN THE UNITED STATES COURT OF APPEALS
FOR THE DISTRICT OF COLUMBIA CIRCUIT

FEDERAL TRADE COMMISSION,

Petitioner/Appellant/Cross-Appellee,

v.

BOEHRINGER INGELHEIM PHARMACEUTICALS, INC.,

Respondent/Appellee/Cross-Appellant.

ON APPEAL FROM THE UNITED STATES DISTRICT COURT
FOR THE DISTRICT OF COLUMBIA (NO. 09-MC-00564-GMH)

RESPONSE BRIEF OF AND PRINCIPAL BRIEF ON CROSS-APPEAL OF BOEHRINGER INGELHEIM PHARMACEUTICALS, INC.

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CERTIFICATE AS TO PARTIES, RULINGS, AND RELATED CASES

Pursuant to D.C. Cir. R. 28(a)(1), Boehringer Ingelheim Pharmaceuticals, Inc. hereby submits the following information:

1. **Parties and *Amici*.** Except for the following, all parties, intervenors, and amici appearing before the district court and in this Court are listed in the Brief of the Federal Trade Commission (Dkt. 1668068):

a. Amici Chamber of Commerce of the United States of America and Association of Corporate Counsel.

Pursuant to Fed. R. App. P. 26.1, D.C. Cir. R. 26.1, and D.C. Cir. R. 28(a)(1)(A), Boehringer Ingelheim Pharmaceuticals, Inc. is a wholly-owned subsidiary of Boehringer Ingelheim Corporation. Boehringer Ingelheim USA Corporation, directly or indirectly, owns Boehringer Ingelheim Corporation. Neither Boehringer Ingelheim Pharmaceuticals, Inc., Boehringer Ingelheim Corporation, nor Boehringer Ingelheim USA Corporation issues shares or debt securities to the public.

2. **Rulings Under Review.** References to the rulings at issue appear in the Brief of the Federal Trade Commission.

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STATUTES

OTHER AUTHORITIES

GLOSSARY OF ABBREVIATIONS

ANDA	Abbreviated New Drug Application
Barr	Barr Laboratories, Inc.
Boehringer or BIPI	Appellee Boehringer Ingelheim Pharmaceuticals, Inc.
FDA	Food and Drug Administration
FOIA	Freedom of Information Act, 5 U.S.C. § 552
FTC	Appellant Federal Trade Commission
FTC Br. at __	Citation to Brief of Appellant Federal Trade Commission (Dkt. No. 1668068)
MMA	Medicare Prescription Drug, Improvement and Modernization Act of 2003, Pub. L. No. 108-173, §§ 1111-1118,117 Stat. 2071, 2462-64.

INTRODUCTION

In its zeal to obtain documents as part of a subpoena enforcement action, the Federal Trade Commission ("FTC") urges this Court to eviscerate the attorney-client privilege and further undermine the work-product doctrine as they pertain to the work of in-house counsel. The FTC is investigating two 2008 patent settlement agreements that brand-name pharmaceutical manufacturer Boehringer Ingelheim Pharmaceuticals, Inc. ("Boehringer") entered into with a manufacturer of generic drugs who was challenging certain of Boehringer's patents. The FTC has yet to take any enforcement action as a result of that investigation. Yet, the FTC has challenged Boehringer's privilege claims over hundreds of settlement-related documents and communications involving Boehringer's then-General Counsel, Marla Persky. With a few exceptions, and despite extensive scrutiny, Boehringer's privilege claims have been upheld.

The court below protected from disclosure all of Boehringer's attorney-client privilege documents at issue in this appeal. That ruling was correct. All of the communications at issue had a significant purpose of allowing Boehringer's then-General Counsel, Marla Persky, to render legal advice. For example, many of the communications analyze, at Ms. Persky's request and using the framework she provided, the likely financial consequences of various settlement options for the company. This information was critical to Ms. Persky's ability to advise

Boehringer regarding which settlement options were both feasible and likely to withstand antitrust scrutiny.

The FTC fails to acknowledge—much less contradict—the extensive record evidence establishing that Ms. Persky requested the analyses at issue in her capacity as an attorney and used them to render settlement advice to her client. That evidence includes *in camera* declarations from Ms. Persky and another attorney involved in the settlement, as well as Ms. Persky's supplemental declaration, most of which was filed publicly. The FTC ignores that evidence in derogation of both reality and its duty of candor, because that evidence precludes a ruling that the district court committed clear error in its factual findings regarding the attorney-client privilege. Thus, the Court cannot and should not entertain the FTC's argument that Ms. Persky did not act in her capacity as an attorney or did not render legal advice.

The only argument left, then, is the FTC's claim that because the analyses at issue had a "business purpose," (*i.e.* ensuring that various settlement options were economically feasible for the company), they could not have also been created for "legal purposes." Accordingly, the FTC argues, to the extent Ms. Persky considered the analyses as she negotiated settlement, she must have done so in a purely "business" capacity.

If accepted, the FTC's logic would all but eviscerate attorney-client privilege in the corporate context. And indeed, this Court has already expressly rejected that view. Because legal and business purposes are often intertwined, privileged documents can easily serve *both* business and legal purposes. *In re Kellogg Brown & Root, Inc.*, 756 F.3d 754 (D.C. Cir. 2014). The district court's holding on the attorney-client privilege documents should therefore be affirmed.

However, the district court erroneously ruled that a handful of sample work-product documents were fact, as opposed to opinion, work product. Because this Court had previously (and in Boehringer's view, erroneously) ruled that the FTC had made a sufficient "substantial need" and "undue hardship" showing, the district court found that the FTC fell into a narrow exception overcoming Boehringer's valid claim of work-product protection over those documents. But Ms. Persky's consistent and repeated testimony—which the district court accepted as true for purposes of its analysis—shows that the documents at issue are indeed opinion work product. And, in any event, the district court's ruling regarding work product was infected by the erroneous standards the Court propounded in the last appeal for opinion work product and substantial need. Boehringer preserves its objections to those standards for appeal to the Supreme Court.

JURISDICTIONAL STATEMENT

The jurisdictional statement in the FTC's opening brief is complete and correct. *See* FTC Br. at 3.

STATEMENT OF ISSUES

1. Did the district court commit clear error when it found that a significant purpose of the attorney-client documents at issue on appeal, *see* Dkt. 101 at 40, was to provide or obtain legal advice, such that the district court protected these communications from disclosure?

2. Did the work-product documents at issue on appeal, *see* Dkt. 101 at 39-40, reveal attorney mental impressions such that they should have been protected as opinion work product?

3. Has the FTC shown that it has "substantial need" for any fact work-product documents simply by claiming that the documents are relevant to its investigation?

STATEMENT OF THE CASE AND FACTS

A. The Patent Litigation Settlements

This case arises out of the FTC's administrative investigation of patent infringement litigation settlements between Boehringer and Barr Laboratories, Inc. ("Barr"). The settlements resolved patent infringement actions brought by Boehringer against Barr and allowed Barr to market and sell two generic pharmaceutical products prior to the expiration of Boehringer's patents.

The litigation and settlements occurred within the regulatory framework of the Drug Price Competition and Patent Term Restoration Act, commonly known as the "Hatch-Waxman Act," which governs the interaction between patent protection and generic drugs. Pub. L. No. 98-417, 98 Stat. 1585, as amended, 21 U.S.C. §355. To obtain FDA approval under Hatch-Waxman, a generic drug manufacturer must file an Abbreviated New Drug Application ("ANDA") showing that the "active ingredient of [its proposed] new drug is the same as that of the listed [or, pioneer] drug." 21 U.S.C. § 355(j)(2)(A)(ii)(I). In filing an ANDA, the generic drug manufacturer relies on the New Drug Application filed by the pioneer drug manufacturer and receives FDA approval for its generic drug without undertaking all of the work needed to obtain the initial drug approval.

If the ANDA filer seeks approval prior to the expiration of any listed patent, it must make a "Paragraph IV" certification that the patent "is invalid or . . . will not be infringed by the manufacture, use, or sale of the [generic] drug." 21 U.S.C. § 355(G)(2)(A)(vii). An ANDA filing with a Paragraph IV certification is treated as an act of infringement under Hatch-Waxman, which then permits the pioneer drug manufacturer to file a patent infringement suit within 45 days. *See* 35 U.S.C. § 27l(e)(2).

In September 2005, following Barr's filing of an ANDA with a Paragraph IV certification, Boehringer filed a suit against Barr for infringement, as relevant

here, of Boehringer's U.S. Patent No. 4,886,812 covering the active ingredient in Mirapex, a drug that treats Parkinson's disease and restless leg syndrome. This suit was consolidated with a similar suit that Boehringer filed against Mylan, another ANDA filer.

In July 2007, following Barr's filing of another ANDA with a Paragraph IV certification, Boehringer filed a second suit against Barr for infringement of Boehringer's U.S. Patent No. 6,015,577 covering the composition of Aggrenox, a drug used to lower the risk of stroke in people who have had a transient ischemic attack or stroke due to a blood clot.

In June 2008, the U.S. District Court for the District of Delaware held Boehringer's patent covering Mirapex invalid. *Boehringer Ingelheim Int'l GmbH v. Barr Labs., Inc.*, 562 F. Supp. 2d 619 (D. Del. 2008). Following this ruling, in August 2008, Boehringer and Barr settled, and pursuant to the terms of that settlement agreement, Barr launched a generic version of Mirapex on January 4, 2010. Boehringer's litigation against Mylan continued, however, and Boehringer appealed the court's ruling to the Federal Circuit. On January 25, 2010, the Federal Circuit reversed the district court's decision and upheld the validity and enforceability of Boehringer's patent. *Boehringer Ingelheim Int'l GmbH v. Barr Labs., Inc.*, 592 F.3d 1340 (Fed. Cir.), *reh'g denied*, 603 F.3d 1359 (Fed. Cir. 2010). The effect of that ruling and the prior settlement is that while Boehringer

had a valid patent for Mirapex whose term would not expire until October 2010, Barr was able to enter the market with a generic product in competition with Boehringer ten months prior to the expiration of the valid patent.

Also in August 2008, Boehringer entered into a separate litigation settlement agreement with Barr relating to Boehringer's Aggrenox patent. The Aggrenox agreement provides for at least 18 months early generic entry by Barr. (JA____, Dkt. 37, Ex. 18, at 16-17.) In connection with the Aggrenox settlement, Boehringer and Duramed, a subsidiary of Barr, entered into a co-promotion agreement under which Duramed would co-promote Aggrenox to women's healthcare professionals. (JA____, Dkt. 37, Ex. 19.)

As part of the co-promotion agreement, Duramed provided sales and marketing support for Aggrenox and marketed Aggrenox to women's healthcare professionals. Boehringer believed that the co-promotion agreement would provide significant value to the company because it lacked any sales and marketing infrastructure for marketing products to women's healthcare professionals, and it planned to launch Flibanserin, a new branded pharmaceutical product for the treatment of female hypoactive sexual desire disorder, which would be prescribed primarily by women's healthcare professionals. JA____, Dkt. 37, Ex. 19, at § 3.2(c); JA____, Dkt. 37, Ex. 4, Persky Tr. at 58:1-21; JA____, Dkt. 37, Ex. 6,

Fonteyne Tr. at 46:5-16.[1] Under the co-promotion agreement, Duramed received certain payments and sales commissions in exchange for its co-promotion to women's healthcare providers. (JA____, JA____, JA____, Dkt. 37, Ex. 19, at §§ 4.1, 2.2, 1.22, 1.23.) The co-promotion agreement is explicitly part of the Aggrenox Settlement Agreement (JA____, JA____, Dkt. 37, Ex. 18, at 2, 10), and by its terms, contingent upon execution of the Settlement Agreement and dismissal of the Aggrenox litigation, (JA____, Dkt. 37, Ex. 19, at 2).

In August 2008, Boehringer filed the Mirapex and Aggrenox patent litigation settlement agreements with the Department of Justice and Federal Trade Commission ("FTC"), as required by the Medicare Prescription Drug, Improvement, and Modernization Act of 2003 ("MMA"). Pub. L. No. 108-173, §§ 111-1118, 117 Stat. 2071, 2462-64.

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[1] At the time, many expected Flibanserin to be a blockbuster drug. After the FDA unexpectedly denied approval for the drug in 2010, Boehringer sold it to Sprout Pharmaceuticals, a company formed for the purpose of acquiring Flibanserin. Once Sprout Pharmaceuticals obtained FDA approval for Flibanserin in 2015, it was acquired for $1 billion by Valeant Pharmaceuticals. *See, e.g.*, Andrew Pollack and Chad Bray, *Maker of Addyi 'Female Viagra' Drug, Being Sold to Valeant for $1 Billion*, N.Y. Times, Aug. 20, 2015, at B1, *available at* https://www.nytimes.com/2015/08/21/business/dealbook/valeant-pharmaceuticals-to-buy-sprout-maker-of-addyi-female-viagra-drug.html?_r=0.

B. The Documents At Issue On Appeal

The documents at issue on appeal are (1) financial analyses of the co-promotion agreement or other settlement options, and (2) financial forecasts of alternative timelines for generic entry into the market to assess the likely impact of various litigation scenarios. JA___, Dkt. 101 at 24. They were, for the most part, created by businesspeople, at counsel's request, as counsel considered scenarios and alternatives in the Barr litigation and settlements.[2]

Marla Persky, the General Counsel of Boehringer when it entered the settlements with Barr, testified that in her capacity as General Counsel, she was "primarily responsible for negotiating the Aggrenox and Mirapex settlement agreements with Barr" on behalf of her client, Boehringer. JA___, Dkt. 91-2, Supp. Persky Decl. ¶ 4; JA____, Dkt. 37, Ex. 4, Persky Tr. 69:20-71:6. Although the FTC attempts to characterize Ms. Persky's role as a mere businessperson negotiating any other business deal, Ms. Persky's testimony establishes that she was, in her capacity as an attorney, considering various settlement and litigation options, and that the documents at issue fulfilled her requests to company

[2] A handful of the documents at issue concern litigation with Mylan, as opposed to the Aggrenox and Mirapex litigation with Barr. *See* JA___, Dkt. 101 at 31 (discussing documents 1947, 2331, 2333, and 2387). But as the district court pointed out, they incorporate work product relating to the Barr settlements, and the privilege issues surrounding these documents are sufficiently similar to the privilege issues surrounding the documents concerning the Barr settlements that they need not be analyzed separately. *Id.* at 32.

personnel for analyses of the potential financial consequences to the company of those options. JA____, Dkt. 37, Ex. 4, Persky Tr. 113:11-116:1, 118:8-23, 120:6-12, 127:2-15;[3] ICA____, Persky Decl. ¶¶ 6, 9-11. Ms. Persky testified that she requested that information so that she could provide legal advice to her client. The analyses affected her legal advice in various ways.

First, as lead negotiator of the settlement agreements, she "understood that it was not in [her] client's best interest to settle litigation on anything other than commercially reasonable terms, and further that the businesspeople at [her] client would (quite rightly) refuse to approve a settlement agreement that was not commercially reasonable." JA___, Dkt. 91-2 at ¶ 5. Accordingly, she considered whether particular settlement scenarios would "both meet the financial parameters required by [her] client and adequately mitigate the risks associated with particular litigation outcomes" such that those options were viable and in the best interests of her client. *Id.* Although Ms. Persky testified that her client had the final say on what financial parameters for settlement were acceptable, she used the financial analyses at issue to "assess the legal and economic viability of various settlement

[3] Naturally, at FTC hearings, Ms. Persky was unable to testify openly about privileged information. Her testimony, by necessity, focused on non-privileged business aspects of the settlement negotiations. The FTC's implication that this somehow proves there were no privileged aspects to those negotiations is therefore inaccurate.

options, which [she] then presented to [her] client to obtain settlement authority." JA___, Dkt. 91-2, Persky Supp. Decl., ¶ 5. Accordingly, many of the financial analyses at issue reflect Ms. Persky's "weeding through various settlement options to provide legal advice to [her] client regarding the desirability and feasibility of settlement." *Id.*

Ms. Persky also testified that she requested many of the financial analyses at issue, and in particular the analyses of the co-promotion agreement, to render compliance advice to her client. She "knew full well at the time of negotiating the Aggrenox and Mirapex settlement agreements that those settlement agreements would be reviewed by the FTC." JA___, Dkt. 91-2, Supp. Persky Decl. ¶ 6; *see also* ICA____, Persky Decl. ¶¶ 9-10. Accordingly, in her capacity as Boehringer's attorney, she had to "ensure that any final settlement agreement did not create undue risk of antitrust liability for the company." *Id.*; *see also* ICA____, Persky Decl. ¶¶ 6, 10. Thus, as "part and parcel of [her] evaluation of whether particular commercial terms would be viable, [she] also evaluated, on the advice of [her] outside counsel, the commercial reasonableness of proposed settlement terms because [she] understood that the settlement terms would be reviewed by the FTC for compliance with antitrust laws." *Id.*; *see also* ICA____, Persky Decl. ¶ 10. Ms. Persky requested many of the analyses at issue "in significant part in order to render antitrust advice to [her] client." *Id.*

Ms. Persky requested the analyses from Paul Fonteyne, then-Executive Vice President of sales and marketing for branded pharmaceuticals, and Elizabeth Cochrane, Vice President of Finance–Controlling, who testified that they created the analyses at the direction of Ms. Persky. JA____, Dkt. 37, Ex. 6, Fonteyne Tr. 42:15-22, 48:1-2, 62:2-9; JA____, Dkt. 37, Ex. 7, Cochrane Tr. 21:6-10.)[4] Ms. Persky testified that she informed Mr. Fonteyne and Ms. Cochrane of "the type of information [she] needed" and that she "gave them specific direction on what types of figures [she] wanted" used in the analyses. JA____, Dkt. 37, Ex. 4, Persky Tr. 115:11-118:19; ICA____, Persky Decl. ¶ 11. When asked how the team performing analyses of the co-promotion agreement came up with "their input into the financial projections," Ms. Cochrane explained: "the direction coming out of the meeting was essentially here's how you need to pull things together, so did I decide that? No. But it was decided, you know, in the meetings with the legal team." JA____, Dkt. 37, Ex. 7, Cochrane Tr. 25:7-26:1.

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[4] While the FTC notes testimony from Elizabeth Cochrane that her role was "to help quantify the Duramed copromotion and the impact to the business," (JA____, Cochrane Tr. 21:6-10, quoted in FTC Br. at 15), Ms. Cochrane also testified that this work was done "per the direction of the legal team" and based on meetings with Ms. Persky (JA____, Dkt. 37, Ex. 7, Cochrane Tr. 20:3-21:10). Similarly, while Mr. Fonteyne testified that his "role was to provide commercial input," he also stated that he was providing "financial analyses of certain decisions that the lawyers would be agreeing to" and that those analyses "helped guide [the company's settlement discussion] with Barr." JA____, Dkt. 37, Ex. 6, Fonteyne Tr. 48:3-16, 50:8-10.

Occasionally, there was some internal communication among the businesspeople as they finalized the analyses and attempted to ensure that they were providing accurate answers to Ms. Persky or other in-house counsel. Although certain of those drafts were not circulated directly to Ms. Persky, those documents on their face evidence that the intent of these internal communications was to provide the information to Ms. Persky that she had requested to assist her in evaluating settlement options. *See, e.g.*, ICA___, Doc. 617 (contains "privileged and confidential/prepared at the direction of legal counsel" footer, has page titled "Legal Summary/Assumptions"); Doc. 902 (cover e-mail and document footer say "privileged and confidential/prepared at the direction of legal counsel," document explicitly references request from legal for analysis).

The FTC also seeks disclosure of certain documents that provide financial forecasts that include potential generic entry timelines. These documents were created to allow Ms. Persky to assess the financial impact of, and thus advise the company regarding, various settlement and litigation scenarios. The FTC specifically highlights Document 833, which it characterizes as a mere business analysis circulated among businesspeople, to argue that this category of documents cannot be privileged. FTC Br. at 14. But, as the document itself reflects, the analysis was circulated among businesspeople as they considered and revised a prior version of the analysis for Ms. Persky. *See* ICA___, Doc. 832. The record

establishes that the analysis itself was intended as a confidential communication to Ms. Persky, and was created at her request to allow her to "evaluat[e] whether the potential settlements [with Barr] were commercially reasonable and to assist [her] in evaluating antitrust risk." JA__, Dkt. 91-2, Supp. Persky Decl. ¶ 17; *see also* ICA___, Taylor Decl. pp. 27-28.

C. The FTC's Subpoena Enforcement Action

On February 9, 2009, the FTC served a subpoena on Boehringer seeking a variety of documents relating to the Mirapex and Aggrenox settlements. JA___, Dkt. 1 at Ex. 3. Not surprisingly, given that they sought internal company documents relating to settlement of litigation, many of the requests encompassed a large number of privileged documents.

Boehringer produced over 9,500 documents totaling almost 270,000 pages in response to the FTC's subpoena and withheld approximately 2,400 documents corresponding to over 3,400 privilege log entries. *See* JA___, Dkt. 37 at 5. As part of a subpoena enforcement action filed by the FTC, on October 23, 2009, the FTC subsequently challenged Boehringer's privilege claims for over 600 privilege log entries. *Id.* at 5-6.

The FTC did not raise particularized challenges regarding each disputed privilege log entry, but instead argued broadly that none of the documents at issue was privileged. The FTC argued that none of the documents should be afforded

work product protection because they were purportedly created for business purposes, as opposed to litigation purposes. *Id.* at 12. It also argued that it had substantial need for any fact work product because those documents would either confirm or refute Boehringer's claims that "the agreements with Barr were not anticompetitive." *Id.* at 19. As to attorney-client privilege, the agency argued that Boehringer had claimed privilege over some (unidentified) ordinary-course-of-business documents simply because they were routed through in-house counsel. *Id* at 21.

Boehringer was placed in the unenviable position of having to defend its claims of privilege over hundreds of documents from a vague FTC challenge. It was impossible for Boehringer to defend its privilege claims on a document-by-document basis. Instead, it attempted to generally explain why the documents at issue were privileged. Most relevant here, Boehringer explained that many of the documents implicated by the FTC's challenge were "requested by [Boehringer's] General Counsel to assess, from a legal perspective, the impact of settlement options on [Boehringer's] business and whether the settlements were commercially reasonable and could withstand antitrust scrutiny." JA__, Dkt. 37 at 1; *see also id.* at 10-20. Boehringer further emphasized that those documents were not created in the ordinary course of business, and "would not have been created but for [the] need by attorneys advising [Boehringer] during the course of" the Barr litigation

and settlements. *Id.* Boehringer also argued that the FTC had not shown substantial need or undue burden for any financial analyses, given that it had all of the economic information that it needed to make its own analyses. *Id.* at 2, 21-29.

Boehringer next defended its claims of attorney-client privilege. It argued that, contrary to the FTC's claims, it had not claimed privilege over any documents merely because a lawyer was copied on an otherwise routine business document. Dkt. 37 at 30. Instead, it claimed privilege over communications that, for example, specifically requested legal advice from lawyers copied on the e-mail. *Id.* at 30-33. Boehringer argued that any other challenges to its attorney-client privilege claims were not sufficiently articulated and were therefore waived. *Id.* at 33.

In its reply, the FTC argued for the first time that certain (unidentified) documents over which Boehringer had claimed privilege did not include a lawyer on the communication and therefore could not be an attorney-client communication. JA___, Dkt. 33 at 15. Boehringer addressed that argument in a supplemental response. JA___, Dkt. 38. Although the FTC did not cite to specific documents, Boehringer explained why certain example communications that did not include a lawyer were nonetheless entitled to attorney-client privilege, and noted that many of those communications stated on their face that they were "privileged and confidential" and "prepared at the direction of counsel" and were

created to provide information to in-house counsel to render legal advice. *Id.* at 9-10.

Boehringer also discussed a few categories of documents as examples—including at least eight of the documents at issue in this appeal—and explained why they were privileged. *Id.* at 10. For example, some of the documents were attachments to e-mails sent by attorneys in which the attorney either provided analysis requested by management or requested input from businesspeople regarding such analyses. *Id.* Still others were "litigation updates" that provide on their face that they were prepared at the direction of counsel and were "privileged and confidential." *Id.* at 10-11. Boehringer explained that all of these documents "contain information requested by counsel for the purpose of rendering legal advice, or information from [Boehringer] employees provided for the purpose of seeking legal advice." *Id.* at 11.

D. Magistrate Judge Facciola's Privilege Ruling

On December 1, 2010, the FTC's subpoena enforcement action was referred to Magistrate Judge Facciola for all purposes. Dkt. 53. On March 8, 2011, at a status hearing before Magistrate Judge Facciola, the court suggested that the parties agree on a representative sample of documents for an *in camera* privilege review. Both sides agreed to the *in camera* review.

On November 28, 2011, Boehringer submitted a negotiated sample of privileged documents for *in camera* review. Boehringer and the FTC agreed on a list of documents to be submitted as the sample, and Boehringer submitted all of the agreed documents to the court for review, along with certain documents that in Boehringer's view were necessary for context (*e.g.*, a cover e-mail if a sample document was an e-mail attachment).[5]

Along with its privileged documents, Boehringer submitted *in camera, ex parte* declarations from Ms. Persky and Pamela L. Taylor, a partner at Jones Day, who represents Boehringer in the FTC's investigation. ICA____, Persky and Taylor *In Camera* Declarations. Both declarations provide document-by-document information regarding the creation of documents in the sample and an explanation as to why they were withheld as privileged. The affidavits were submitted *in camera* and not served on the FTC because they contain privileged information. However, the FTC was aware that they were submitted, and did not contemporaneously object to their *in camera* or *ex parte* nature. *See* JA____, Dkt. 59, Hearing Tr. at 4:23-24, 5:17-18.

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[5] Although the FTC now claims that Boehringer's claims of attorney-client privilege have somehow been a "moving target" (FTC Br. at 33, n.12), it conceded in the district court that all of the claims of privilege now at issue were made known to both the FTC and Magistrate Judge Facciola before the parties submitted the *in camera* sample for review. *See* JA___, Dkt. 99; JA___, Dkt. 101 at 40, n.7.

On September 27, 2012, the district court ruled on Boehringer's privilege claims. *FTC v. Boehringer Ingelheim Pharms. Inc*., 286 F.R.D. 101 (D.D.C. 2012). Magistrate Judge Facciola noted that he had reviewed the documents submitted for *in camera* review and Boehringer's privilege logs, as well as the *in camera* affidavits. *See id.* at 109. The court found that the financial analyses at issue in this appeal were not made in the ordinary course of business and were opinion work product. The court held that the "information and frameworks" in the documents had been "provided by BIPI attorneys," and the analyses were "intended to aid these attorneys in the settlement process. *Id.* at 109. The court noted that the "documents themselves" supported Ms. Persky's testimony on that score. *Id.*

The court then held that the FTC failed to demonstrate a substantial need for the documents sufficient to override the work-product privilege for two reasons. First, the documents were virtually undiscoverable opinion work product because the "factual inputs [based on data that Boehringer attorneys requested be entered] cannot be reasonably segregated from the analytical outputs" and therefore "would necessarily reveal the attorneys' thought processes regarding the BIPI-Barr settlement." *Id.* at 110. Second, the court found that the documents would not provide the information that the FTC claimed it needed from them. *Id.* (the documents "ad[d] nothing to what is already known about what the involved

companies intended in settling their suit," "are not in any way evidence of any conspiratorial intent to violate the law," and "cast no light on whether [an] intendment [to pay Barr not to compete] existed").

The court, however, noted that Boehringer had withheld emails transmitting the analyses contained in this category of documents. While the court noted the emails likely did not contain information beyond their privilege log descriptions, it ordered that Boehringer review the e-mails and produce any portion of them that could "be reasonably excised from any indication of opinion work product." *Id.* at 110.

The court next considered the FTC's argument that certain documents "circulated principally between executives rather than between attorneys and executives" and prepared "either . . . during discussions with counsel or as part of the work performed at counsel's request" were subject to the attorney-client privilege. *Id.* at 111. It concluded that they are, because they "indicate . . . that they were intended to be confidential communication[s] between the client, BIPI, and its attorneys." *Id.*

E. The FTC's First Appeal (Boehringer I)

The FTC appealed Magistrate Judge Facciola's work-product rulings over Boehringer's "financial documents analyzing litigation settlement and co-promotion agreement." *FTC v. Boehringer Ingelheim Pharms., Inc.*, 778 F.3d 142,

147 (D.C. Cir. 2015) (hereinafter "*Boehringer I*"). The FTC raised many of the same arguments it had raised in the district court.

In analyzing the appeal, the Court first considered and rejected the FTC's argument that materials relating to the co-promotion agreement were not created "because of" litigation, and therefore did not qualify as work product. The Court found "no merit in the [FTC's] proposition that any settlement term that has some independent economic value to both parties must always be treated as an ordinary (non-litigation) business transaction for purposes of work product protection." *Id.* at 150. Accordingly, the Court found no clear error in the district court's finding that the co-promotion agreement was "integral to the broader settlement" and, as such, entitled to work product protection. *Id.*

The Court also rejected the FTC's argument that the District Court abused its discretion by relying on the *in camera, ex parte* affidavits Boehringer submitted. The Court ruled that the FTC was "precluded from raising this issue on appeal" because it had not objected to the affidavits in the district court. *Boehringer I*, 778 F.3d at 158 n.5.

The bulk of the Court's decision concerned Magistrate Judge Facciola's findings that the financial analyses are opinion work product. To constitute opinion work product, the Court wrote, a lawyer needed to have "sharply focused or weeded" the facts contained therein such that they "reveal . . . counsel's legal

impressions or their views of the case." *Boehringer I*, 778 F.3d at 152. The Court ruled that documents containing attorney mental impressions about "whether the [settlement] agreements made financial sense" do not reflect such "sharp focus" because "the only mental impression that can be discerned is counsel's general interest in the financials of the deal." *Id.* The Court remanded for the district court to determine, in the first instance, whether the documents at issue were fact or opinion work product.

The Court next considered whether the FTC had shown "substantial need" and "undue hardship" under Federal Rule of Civil Procedure 26(b)(3)(A)(ii) such that it could overcome fact work-product protection. *Id.* at 153-156. The Court concluded that it had, finding that a party seeking fact work product shows "substantial need" if it "demonstrates that the materials are relevant to the case, the materials have a unique value apart from those already in the movant's possession, and 'special circumstances' excuse the movant's failure to obtain the requested materials itself." *Boehringer I*, 778 F.3d at 155 (*quoting Mitchell v. Bass*, 252 F.2d 513 (8th Cir. 1958)). Under this standard, no heightened showing of relevance is needed to show substantial need. *Id.* at 156. Any document that was "admissible or could 'give clues as to the existence or location of relevant facts,'" is "relevant." *Id*. The Court acknowledged that this definition of "relevance" is "remarkably similar to the relevance standard under Rule 26(b)(1)." *Id*. The Court

also acknowledged that its refusal to require some heightened showing of relevance before finding a "substantial" "need" for work-product documents is in direct contrast to holdings of the Seventh and Tenth Circuits, as well as a growing number of district courts. *Id.* at 156 & n.4 (*citing, inter alia, Logan v. Commercial Union Ins. Co*., 96 F.3d 971, 977 (7th Cir. 1996); *Nevada v. J-M Mfg. Co*., 555 F. App'x 782, 785 (10th Cir. 2014)). The Court did not acknowledge decisions by the Fourth, Sixth, and Eleventh Circuits that also required a heightened relevance showing to establish a "substantial" "need." *See infra* Cross Appeal § I(C) (citing cases).

The FTC argued that it satisfied the substantial need test. *Boehringer I*, 778 F.3d at 157. The Court agreed and found that because the FTC had shown that the financial analyses at issue were "relevant" (i.e. discoverable), not exactly replicated elsewhere, and created near the time of the conduct at issue (thus providing a "special circumstance" explaining why the FTC had not created the analyses itself), the FTC had shown "substantial need" for them. *Id.* at 156.

The Court even went a step further. It held that in the investigatory context, the government agency itself can determine whether a document is "relevant" such that its need to breach the target's work product protection is "substantial." *Boehringer I*, 778 F.3d at 157. The Court reasoned that when an agency issues an investigatory subpoena, "the district court is not free to speculate about the

possible charges that might be included in a future complaint, and then to determine the relevance of the subpoena requests by reference to those hypothetical charges." *Id.* (*quoting FTC v. Texaco*, 555 F.2d 862 (D.C. Cir. 1976) (en banc)).

Finally, the Court concluded, based on Magistrate Judge Facciola's requirement that Boehringer produce redacted versions of certain cover e-mails, that he had necessarily ruled that the FTC had shown "undue hardship" in obtaining the substantial equivalent of at least some of the financial analyses at issue. *Boehringer I*, 778 F.3d at 157.

The Court remanded the case to the district court to "revisit the financial documents in light of the correct legal standards, as clarified" in the opinion, and to evaluate Boehringer's claims of attorney-client privilege, where appropriate. *Boehringer I*, 778 F.3d at 158.

The FTC's brief repeatedly implies that the Court made some sort of factual finding in *Boehringer I* that Ms. Persky was acting only in a business capacity when she negotiated the Aggrenox and Mirapex settlement agreements with Barr. To the contrary, the Court held that she created financial analyses "because of" the settled litigation and never questioned the uncontradicted testimony in the *in camera* declarations. Nor did the Court purport to act as a factfinder. Indeed, it could not appropriately have been one. *See United States v. Garrett*, 720 F.2d 705,

710 (D.C. Cir. 1983), *cert. denied*, 465 U.S. 1037 (1984) ("[W]here the correctness of the lower court's decision depends upon a determination of fact which only a fact-finder could make but which has not been made, the appellate court cannot take the place of the [factfinder].") (internal quotation marks and citation omitted).).

F. Remand

By the time the matter was remanded, Magistrate Judge Facciola had retired. The matter was therefore assigned to Magistrate Judge Harvey. He began proceedings by asking the parties to take positions on, *inter alia*, whether additional briefing or evidence should be allowed. *See* JA___, Dkt. 88. The FTC objected to *any* further briefing, and even went so far as to call it "perplexing" that Boehringer might want to update its five-year-old briefing on the attorney-client issues now that the FTC's challenge had become more focused. *Id.* at 14. The FTC also "strongly" opposed the admission of "any additional evidence" concerning Boehringer's privilege claims on remand. *Id.* at 17. Boehringer argued that additional briefing and witness testimony would be helpful to the Court. *Id.* at 16, 22.

In the end, Magistrate Judge Harvey agreed with the FTC that no additional briefing would be allowed on the attorney-client privilege issues. JA___, Dkt. 89 at 2. However, he allowed additional briefing on the work-product issues and

permitted Boehringer to seek permission to file additional *ex parte, in camera* declarations, cautioning Boehringer that such declarations are disfavored. *Id.*

Boehringer submitted a brief explaining why the financial analyses at issue are opinion work product, even under the standards the Court articulated in *Boehringer I*. JA__, Dkt. 90. It also moved to submit a supplemental declaration from Marla Persky *ex parte* and *in camera*, which the FTC opposed. Boehringer attached to that motion both a proposed *ex parte* affidavit and a public, redacted version of that affidavit. JA__, Dkt. 91.

Magistrate Judge Harvey issued his ruling on September 27, 2016. JA__, Dkt. 101.

1. Ex Parte Declaration

The district court first defined the 42 *in camera* sample documents that fell within the scope of the appeal. *Id.* at 23-24. The court then considered and denied Boehringer's motion to submit another *ex parte* declaration from Ms. Persky, on the ground that Boehringer "has not shown that the interests at stake in this litigation are on par with those normally warranting *ex parte* treatment." *Id.* at 23. The court rejected Boehringer's arguments that *ex parte* declarations can be appropriate in privilege disputes, particularly where, as here, the declaration explains why and how the documents at issue would reveal attorney mental impressions to a party steeped in the complex facts of the case. *Id.* The court

noted that "the business interests implicated in this dispute fall well short of the types of interests that appropriately deserve *ex parte* treatment, *i.e.* national security and grand jury matters." *Id.* at 28-29. Notably, however, the district court relied upon the public version of Ms. Persky's declaration when making its work-product rulings. *Id.* at 34, 38.

2. Work-Product Rulings

The court then analyzed Boehringer's work product claims. *Id.* at 30. It noted that there was only "one question . . . for the Court to decide [on remand]—whether the documents at issue constitute fact or opinion work product." *Id.* Based on this Court's prior ruling, the district court presumed that the FTC had shown "substantial need" and "undue hardship" sufficient to warrant production of fact work product. *Id.*

The court began its analysis by accurately noting Ms. Perksy's testimony that she took the "factual analys[e]s of many possible litigation and settlement outcomes" "and then presented the ones she thought best to her client in order to frame their settlement strategy." *Id*. at 34. In other words, "it was Persky, not any business executive, who initially determined which factors were important to her in rendering legal advice to her client about economic desirability and antitrust exposure of settlement." *Id.* at 33. The district court did not question that

testimony, but stated that "the charts themselves to not reflect [the] analysis" subsequently presented to her client. *Id.* at 34.

Additionally, in the district court's view, Ms. Persky's "mere selection of variables for Boehringer staff to analyze does not rise to the level of reflecting her mental impressions regarding the case" because a reasonable businessperson might also use them to analyze the situation. *Id.* at 34. Accordingly, the district court reasoned that the analyses did not "reveal[] Persky's analysis of the legal issues at hand, even if she used those documents in her ultimate analysis." *Id.* at 34-35.

Finally, the district court wrote that although it "decline[d] to admit Persky's supplemental, *ex parte* affidavit as evidence to support Boehringer's claims of work product protection," it had "reviewed it, and the context Persky provides therein actually undermines rather than strengthens Boehringer's arguments." *Id.* at 35. That was because the declaration indicated that Ms. Persky instructed other employees to perform the analysis using certain variables, and thus "her involvement in the creation of these documents was merely directory." *Id.*

Accordingly, the district court found that the majority of the documents at issue are fact work product. However, it found that a handful of documents, all e-mail chains including Boehringer executives and in-house counsel, "reflect the analysis of both Boehringer staff and attorneys regarding the financial analyses attached to the e-mails." *Id.* at 39. The court found those e-mail strings to be

opinion work product. The court ordered production of the remaining work product documents that did not also have a claim of attorney-client privilege. *Id.* at 40.

3. Attorney-Client Privilege Rulings

The court next considered Boehringer's claims of attorney-client privilege. It noted that "facts collected at counsel's request for later use in providing legal advice" are protected under the attorney-client privilege doctrine, if not the work product doctrine. *Id.* at 43. The district court also noted this Court's "liberal standard" of attorney-client privilege provides protection over all communications where "obtaining or providing legal advice was one of the significant purposes" of the communication. *Id.* (*quoting Kellogg*, 756 F.3d at 756). Boehringer's documents satisfied that standard, the district court held. "While Boehringer's documents may have had some business purposes, it is equally clear that one of their significant purposes was to enable Persky and her co-counsel to give Boehringer legal advice." *Id.*

The court divided the documents into two categories: e-mails and their attachments. *Id.* at 43. First, the court analyzed the e-mails, finding that most were from an attorney to a client, giving legal advice, and thus "easily fall[] within the attorney-client wheelhouse." *Id.* at 44. The remainder revealed facts

"transmitted to the attorneys from Boehringer businesspeople which enabled counsel to give the corporation legal advice," and was accordingly privileged. *Id.*

The court then moved on to various attachments to those three e-mails, and found all of them privileged. The court noted that here, as in this Court's *Kellogg* case, agents of the attorney, at the attorney's direction, gathered certain information to assist her in negotiating the settlement with Barr. *Id.* at 47. And here, as in *Kellogg*, "the documents speak to both business and legal matters," but "legal advice, whether related to the propriety of various settlement options or antitrust issues," was one of the "significant purposes" of the communication. *Id.* Accordingly, the court found that this case "was on all fours" with *Kellogg*, and a "straightforward reading" of that case "compels" a finding that the documents are privileged. *Id.* at 47, 45.

The court considered and rejected the FTC's argument that the documents had merely been circulated to a lawyer in an attempt to shield otherwise non-privileged business documents. The court noted that those documents were all created in the context of settling "complex, interlocking lawsuits pending at the time," contained "prevalent legal overtones," and were requested by attorneys. *Id.* at 47. Accordingly, the court was "satisfie[d] . . . that these were not mere business documents which Boehringer attempted to protect by providing a copy to counsel." *Id.* at 47-48. In fact, the court found that the privileged nature of the documents in

this case was "even clearer than *In re Kellogg* or *Upjohn*, where the investigations at issue were undertaken prior to any lawsuit being filed." *Id.* at 48 (*citing Kellogg*, 756 F.3d at 756; *Upjohn Co. v. United States,* 449. U.S. 383, 394 (1981)). By contrast, in this case, "Boehringer's counsel ordered the creation of these factual analyses to assist in ongoing litigation." *Id.*

The court also expressly declined the FTC's invitation to deny privilege protection to the documents because they were created in part for business purposes. *Id.* at 48. The court ruled that "withheld documents could bear on business and legal matters simultaneously." *Id.* (*citing Boehringer I*, 778 F.3d at 150 ("[C]ommon sense and practical experience teach that settlement deals routinely include arrangements that could . . . stand on their own but were nonetheless crafted for the purpose of settling litigation.")). Because "*one* of the significant purposes of these communications was to report on facts gathered at the request of Ms. Persky and other Boehringer counsel for the purpose of providing legal advice" about the settlement, the court ruled that the documents at issue are privileged. *Id.* at 48-49.

The court next rejected the FTC's challenge to privilege designations based solely on "the sender and recipient" of the documents as "misguided." *Id.* at 49. The court pointed out that "[t]he same protections afforded to communications between counsel and client extend to communications between corporate

employees who are working together to compile facts for in-house counsel to use in rendering legal advice to the company." *Id.* at 49. That is "precisely what happened here," the court found, which was "not surprising . . . given the complexity of the factual analyses Persky requested." *Id.*

The court emphasized that this result is not inconsistent with its work product finding, because attorney-client privilege protects all communications—even purely factual communications—between an attorney and client when they are gathered with at least one significant purpose being the provision of legal advice to a corporation. *Id.* at 50. Unlike under the work product doctrine, these communications do not need to reveal the attorney's mental impressions to be privileged. *Id.*

Finally, the court made clear that it understood that the facts reflected in the protected communications are not themselves privileged. *Id.* at 50. However, the court noted, the communications relaying those facts *are* privileged. Although protecting those communications "costs the investigative power of the FTC," the agency is still "not entitled to Boehringer's analysis of [relevant] facts when those analyses were, in significant part, created at the request of counsel for the purpose of providing legal advice regarding settlement strategy." *Id.* Otherwise, the attorney-client privilege could not protect "the giving of information to a lawyer to

enable him to give sound and informed advice." *Id.* at 50-51 (*quoting Upjohn*, 449 U.S. at 394).

The FTC appealed the district court's attorney-client privilege findings. JA___, Dkt. 107. Boehringer cross-appealed the work-product findings and the denial of Boehringer's motion to file an *ex parte* supplemental declaration of Marla Persky. JA___, Dkt. 108.

SUMMARY OF ARGUMENT

The FTC insists that the district court should not have protected certain attorney-client communications between Boehringer businesspeople and its General Counsel as the company negotiated a series of complex settlement agreements because those communications were made for "business" and not "legal" purposes. The FTC seems to believe that those two things are mutually exclusive. But this Court has made clear that they are not. *See Kellogg*, 756 F.3d at 759-60. Thus, the district court correctly kept its focus on whether *a significant* purpose of the communications was to request or receive legal advice.

Using that (correct) standard, the district court properly upheld Boehringer's claims of attorney-client privilege. All of the record evidence, including the documents themselves, support the district court's finding that "a significant purpose" of the documents at issue was to request or receive legal advice. Ms. Persky and other witnesses have testified consistently that she was acting in a legal

capacity when she requested and received the communications at issue. There is also ample support for the district court's finding that the communications concerned legal advice relating to the Barr settlement. The district court's findings on those scores are amply supported, and certainly not clear error.

Nor has Boehringer waived its valid claims of privilege, as the FTC argues, because in initial briefing before Magistrate Judge Facciola, Boehringer did not respond, document-by-document, to the FTC's vague challenges to *hundreds* of Boehringer's legitimate claims of privilege—claims of which the FTC had ample notice. The FTC has cited no case law supporting waiver in such circumstances, and a finding to that effect would only encourage future gamesmanship by parties who wish to breach privilege. Boehringer's attorney-client privilege claims should be upheld.

Although the district court correctly protected the attorney-client privilege documents, it erred in finding that the documents at issue bearing only a work-product privilege designation must be produced. The district court ruled that, because the work product documents do not reflect the actual advice Ms. Persky gave to her clients, they do not reflect her "mental impressions" concerning the case and therefore are not opinion work product. That finding is in error even under the opinion work product standards the Court set forth in its prior opinion in this case. Additionally, Boehringer preserves its arguments that the standards this

Court set forth for opinion work product and substantial need are erroneous. Using the proper standards would require reversal of the district court's work-product ruling.

Accordingly, the district court's ruling upholding Boehringer's attorney-client privilege claims should be affirmed, and the ruling denying Boehringer's work-product privilege claims should be reversed.

STANDARD OF REVIEW

This Court's "standard of review is well established." *FTC v. GlaxoSmithKline*, 294 F.3d 141, 146 (D.C. Cir. 2002). The Court "review[s] a decision to enforce a subpoena 'only for arbitrariness or abuse of discretion.'" *Id.* (quoting *In re Sealed Case*, 146 F.3d 881, 883 (D.C. Cir. 1998)) (applying abuse of discretion standard to privilege ruling in subpoena enforcement action); *see also Macharia v. United States*, 334 F.3d 61, 64 (D.C. Cir. 2003) (district court's discovery rulings are reviewed for abuse of discretion). A district court's factual determinations are reviewed for "clear error." *FTC v. Church & Dwight Co.*, 665 F.3d 1312, 1315 (D.C. Cir. 2011); *Boca Investerings P'ship v. United States*, 314 F.3d 625, 629 (D.C. Cir. 2003). A factual finding is "clearly erroneous" only if, after review of the entire record, the reviewing court is left with "the definite and firm conviction that a mistake has been committed." *Awad v. Obama*, 608 F.3d 1, 6-7 (D.C. Cir. 2010) (internal quotation marks omitted).

ARGUMENT

RESPONSE TO FTC'S APPEAL

I. THE DISTRICT COURT'S ATTORNEY CLIENT PRIVILEGE RULINGS ARE CORRECT

A. The FTC's Attempt To Draw A False Dichotomy Between "Business" And "Legal" Purpose Is Contrary To *In Re Kellogg*

Magistrate Judge Harvey correctly ruled that the documents at issue on appeal are protected from disclosure by the attorney-client privilege. The FTC's entire argument to the contrary hinges on one, false assumption: that attorney-client communications with a "business" purpose cannot also have a significant "legal" purpose. The FTC does not and cannot deny that Ms. Persky was Boehringer's General Counsel when the Barr settlements were negotiated,[6] or that Ms. Persky was the primary negotiator of those settlements. Yet, the FTC argues

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[6] The FTC questions Ms. Persky's legal role at Boehringer by asserting that her Linkedin profile "describes her legal work for the company as simply 'managerial.'" FTC Br. at 36, n.13. It should really go without saying that a company's General Counsel serves the company in a legal capacity. But, as with so much of the record in this case, the FTC's characterization of Ms. Persky's Linkedin profile is misleading. For example, the FTC fails to mention that Ms. Persky's profile states that she directed (*inter alia*) the legal and environmental departments of the company, "managed business acquisitions and resolved business disputes," "execut[ed] business plans in a highly regulated industry," participated in "risk assessment," and "advised Senior Management in the US and the Managing Directors of the German parent company on US-based legal issues impacting the global economy." https://www.linkedin.com/in/marlapersky/. In other words, the profile does not suggest that Ms. Persky merely "managed" other lawyers at Boehringer. More to the point, she testified to the contrary before the FTC. JA___, Dkt. 37, Ex. 4, Persky Tr. 66:4-5.

that because, in addition to her role as General Counsel, Ms. Persky was a corporate vice president, with "certain responsibilities outside the lawyer's sphere," the Court should presume that she was acting in a purely business capacity when she requested or received each communication at issue unless Boehringer makes a "specific, clear showing" otherwise. FTC Br. at 25-27, 31.

Working from that premise, the FTC argues that, because the documents at issue had a business purpose, the district court "put the cart before the horse" when it applied *Kellogg*, 756 F.3d 754. That case concerns only communications with "a significant purpose" of giving or receiving legal advice, the FTC argues, and thus does not apply to documents created for "business" purposes. *Id.* at 26. But the FTC's argument presumes a false dichotomy: that "legal" and "business" purposes are mutually exclusive, and thus any communication with a business component to it is inherently not "legal" enough to qualify for attorney-client privilege.

That assumption is belied by common sense as well binding precedent. Lawyers—and particularly in-house counsel—cannot render effective legal advice without considering the business aspects of any variety of situations, including proposed mergers or acquisitions, contract negotiations, internal investigations of potential wrongdoing, or, as in this case, complex patent settlement agreements with potential antitrust implications. The attorney-client privilege is particularly essential for corporations, who face a "vast and complicated array of regulatory

legislation" requiring employees to "constantly go to lawyers to find out how to obey the law . . . particularly since compliance with the law . . . is hardly an instinctive matter." *Upjohn*, 449 U.S. at 392.

In light of these realities, this Court has soundly rejected the tortured separation that the FTC presses here between "business" and "legal" communications. *Kellogg*, 756 F.3d at 759 (it is "not the law" that "the attorney-client privilege . . . would not apply unless the sole purpose of the communication was to obtain or provide legal advice"). In *Kellogg*, a plaintiff sought documents relating to an internal investigation that the company concededly had to perform for business reasons (internal corporate policies and Department of Defense regulatory requirements) and legal reasons (to ensure past and future compliance with the law). 756 F.3d at 757. The district court ordered documents relating to the investigation produced on the ground that "the purpose of [the] internal investigation was to comply with . . . regulatory requirements rather than to obtain or provide legal advice." *Id.* at 758. The *Kellogg* court expressly rejected that "false dichotomy," and emphasized that attorney-client privilege covered the "numerous communications that are made for both business and legal purposes[.]" *Id.* at 758-59. Any other result, the Court warned, would mean that "businesses would be less likely to disclose facts to their attorneys and to seek legal advice,

which would 'limit the valuable efforts of corporate counsel to ensure their client's compliance with the law.'" *Id.* at 759 (*quoting Upjohn*, 449 U.S. at 392).

Accordingly, the *Kellogg* court held that so long as "one of the significant purposes" of a communication was to obtain legal advice, attorney-client privilege applied. *Kellogg*, 756 F.3d at 760. The Court also went out of its way to emphasize that the test, "sensibly and properly applied, cannot and does not draw a rigid distinction between a legal purpose on the one hand and a business purpose on the other." *Id.* at 759. The Court was clear that a single communication can have "overlapping purposes (one legal and one business, for example)" and that a court should not "presume that a communication can have only one primary purpose." *Id.* Applying that standard, the Court found that the internal investigation at issue was protected by the attorney client privilege. *Id.* at 760.

The FTC's proposed distinction of *Kellogg* and its progeny—that it does not apply when the attorney involved is a "corporate vice president" with "certain responsibilities outside the lawyer's sphere" (FTC Br. at 25)—falls flat. The FTC has cited no precedent, and Boehringer is not aware of any, that places *any significance at all* on an attorney's job title when performing a privilege analysis. There would be no logical reason to do so. In some corporate structures, the General Counsel also holds a Vice President title. In others, the General Counsel does not. But that says nothing about whether the attorney was giving legal advice

in a given situation. Courts should look at the circumstances surrounding the creation of the documents themselves to determine privilege—not the title of the person communicating—which is exactly what Magistrate Judge Harvey did here.

Kellogg did not change the law. Long before *Kellogg* was decided, this Court and the Supreme Court protected all confidential communications between an attorney and a client for purposes of giving or receiving legal advice. *See, e.g.*, *Upjohn*, 449 U.S. at 389; *Fisher v. United States*, 425 U.S. 391, 403 (1976); *In re Sealed Case*, 737 F.2d 94 (D.C. Cir. 1984); *In re Grand Jury*, 475 F.3d 1299, 1304 (D.C. Cir. 2007). Indeed, not a single appellate court, prior to *Kellogg*, supported the "business/legal" dichotomy that the FTC advocates here. *Kellogg*, 756 F.3d at 759 ("We are aware of no Supreme Court or court of appeals decision that has adopted a test" requiring that "the sole purpose of the communication was to obtain or provide legal advice" before it qualifies as privileged).

The FTC's next argument, that "if a non-lawyer negotiated the business terms and requested the exact same analyses, they would not be privileged, even if they were subsequently sent to in-house counsel for a legal opinion" (FTC Br. at 27), is also easily rebutted. It is the equivalent of arguing that an inmate's discussion of his case with his lawyer should not be privileged because the same discussion would not be privileged had it occurred with his cellmate. As this Court has made abundantly clear, while a properly applied privilege "means that

potentially critical evidence may be withheld from the factfinder" if it is encapsulated in an attorney-client communication, "our legal system tolerates those costs" because the privilege "is intended to encourage 'full and frank communications between attorneys and their clients and thereby promote broader public interests in the observance of law and the administration of justice." *Kellogg*, 756 F.3d at 764 (*quoting Swidler & Berlin v. United States*, 524 U.S. 399, 403 (1988)).

None of the cases that the FTC relies upon changes this analysis. All of them were decided before *Kellogg*, and are in any event distinguishable. For example, *In Re Sealed Case* stands for the uncontroversial propositions that (1) communications that are not intended to give or receive legal advice are not privileged; and (2) the privilege does not cover uncommunicated "hunches" by counsel. *See* 737 F.2d at 99-100. If anything, *In Re Sealed Case* favors Boehringer, as the Court reversed the district court's holding that a conversation was not privileged because a communication was received by an in-house lawyer "acting as a corporate executive, not as a lawyer." *Id*. at 101. The Court found the district court's finding to be "clearly erroneous" because the attorney "raised concerns about the Company's antitrust compliance" during meetings to give an executive "status reports on the Company's legal affairs." *Id.* Thus, he was rendering legal advice to his client, and the communication was privileged. *Id*.

The FTC's reliance on the Court's 1998 decision in *In re Lindsey*, 158 F.3d 1263 (D.C. Cir. 1998) (per curiam), is also misplaced. FTC Br. at 35. That case concerns the application of various governmental privileges not at issue here, and whether the "intermediary doctrine" covered communications in which a government attorney, who did not personally represent the President, relayed information and advice to and from the President's personal counsel. 158 F.3d at 1278-79. This case does not concern the "intermediary doctrine."

B. A Significant Purpose Of The Communications At Issue Was To Give Or Receive Legal Advice

1. The Communications Were Made To Ms. Persky In Her Capacity As A Lawyer

It is well-established that the attorney-client privilege covers both communications in which a lawyer gives legal advice to a client and communications in which a client provides the lawyer with the facts necessary to render that advice. The FTC does not dispute that proposition, but it argues that the district court did not properly "assess whether Boehringer had shown that the communications involving Persky were made in her capacity as a lawyer providing legal advice" and simply presumed that they were because of the "context" in which they were created. FTC Br. at 29. The FTC even goes so far as to argue that the either this Court or the district court "suggested that it did not believe Persky was acting as a lawyer dispensing legal advice with regard to the analyses

contained in the disputed documents." FTC Br. at 27. That argument largely ignores that a client's communication of relevant facts to a lawyer is just as privileged as the legal advice the lawyer gives to the client. It also ignores the many parts of the record that contradict it and this Court's *Boehringer I* opinion; it also distorts the district court's ruling.

First, the FTC claims that the record does not show that Ms. Persky was acting in her capacity as an attorney when she (as General Counsel of the company) was negotiating the Barr settlement agreements. FTC Br. at 30. Common sense would dictate that a company's general counsel—whether or not she also has the title of corporate vice president—would not suddenly abdicate all of her legal skills and training and consider settlement of pending litigation *only* from a business standpoint. Any such notion was rejected by Magistrate Judge Facciola, by this Court in *Boehringer I*, and by Magistrate Judge Harvey on remand. *See Boehringer*, 286 F.R.D. at 109; *Boehringer I*, 778 F.3d at 150 (finding that financial analyses of co-promotion agreement were work product made "because of" litigation settlement); JA___, Dkt. 101 at 47-48 (finding that documents at issue had "prevalent legal overtones" and that "Boehringer's counsel ordered the creation of these factual analyses to assist in ongoing litigation.").

There is a reason three courts have reached the same conclusion: it is amply supported by the record and the documents themselves. In a surprising lack of

candor to the Court, the FTC's brief fails to even *mention* the numerous parts of the record that support those repeated findings in Boehringer's favor, and instead implies that Boehringer's privilege log is the *only* source of information about Boehringer's privilege claims. FTC Br. at 31. That is patently false. Some key portions of the record that the FTC omitted from its brief are set out below.

Ms. Persky has repeatedly and consistently testified—in at least two forms that are fully accessible to the FTC—that she was acting as an attorney, not a businessperson, when she requested or received the communications at issue. ICA____, Persky Decl., ¶ 10-11; Dkt. 91-2, Supp. Persky Decl. ¶¶ 4-5 ("I was acting as a lawyer weeding through various settlement options to provide legal advice to my client regarding the desirability and feasibility of settlement"); JA____, JA____, Dkt. 37, Ex. 4, Persky Tr. 113:11-116:1, 118:8-23, 120:6-12, 127:2-15. As two Magistrate Judges have now ruled, the documents support that testimony. *Boehringer*, 286 F.R.D. at 109 ("The documents themselves establish the truth of Persky's claims in her affidavit that the documents were created . . . in response to her personal requests for financial and other information . . . she needed in order to provide her client . . . with legal advice regarding the potential settlement[.]"); JA____, Dkt. 101 at 47 ("one of their primary purposes was to enable Boehringer's counsel to advise it on how to settle the complex, interlocking lawsuits pending at the time"). In fact, she testified specifically as to why nearly

every document at issue on appeal is privileged. ICA___, Persky Decl. ¶¶ 14, 17, 18, 19, 20; ICA__, Taylor Decl. pp. 9, 11, 12, 13, 17, 18, 19, 20, 24, 25, 27, 28, 29, 30, 31, 33, 34, 35, 41, 42; JA____, Dkt. 91-2, Persky Supplemental Decl., at ¶¶ 8, 10, 11, 13, 15, 17, 18, 19, 21, 23

That alone would be enough to support Boehringer's claims that Ms. Persky acted as legal counsel, but there is other evidence as well. Boehringer's outside counsel also explained how the documents were created to aid legal analysis and during the course of Ms. Persky rendering legal advice. ICA____, Taylor Decl. at ¶¶ 6, 8. So did the employees who created some of the analyses at issue. *See, e.g.*, JA____, Dkt. 37, Ex. 7, Cochrane Tr. 20:3-21:10 (Ms. Cochrane testifies that some of the analyses at issue were created "per the direction of the legal team" and based on meetings with Ms. Persky). And Boehringer's attorneys have repeatedly explained to the FTC why the documents at issue are privileged. *See, e.g.*, JA___, Dkt. 37-3, April 6, 2010 letter (explaining why similar documents are privileged); JA___, Dkt. 38, Supplemental Response to Status Memorandum at 9-10 (addressing certain documents at issue).

In light of this extensive evidence, the district court was correct to conclude that Ms. Persky was acting in her capacity as a lawyer when she made and received the communications at issue. At minimum, the district court's findings on this score were not clear error. They should be affirmed.

2. A Significant Purpose Of The Communications Issue Was Obtaining Or Giving Legal Advice

The FTC next argues that even if Ms. Persky was acting as a lawyer when she received the communications at issue, the district court incorrectly found that "a significant purpose" of those communications was to obtain or give legal advice. *Kellogg*, 756 F.3d at 759-60; FTC Br. at 34-40. The FTC argues that the disputed documents are either (1) "non legal business documents" analyzing the co-promotion agreement, which the FTC characterizes as a standalone agreement "separate from the patent-litigation context," or (2) "non legal business documents analyzing settlement options." FTC Br. at 12-13. Again, the FTC is wrong.

This Court has already held that all of the documents at issue were created "because of" litigation. *Boehringer I*, 778 F.3d at 150. Thus, they could not have been "non legal" ordinary-course-of-business documents. And the record testimony and Magistrate Judge Harvey's independent review both confirm that the communications at issue were, indeed, made to assist Ms. Persky in rendering legal advice. JA___, Dkt. 101 at 47-48 ("prevalent legal overtones in these documents" and fact that "Boehringer attorneys requested these analyses" "satisfies the Court that these were not mere business documents").

The record evidence supports both courts' findings. Ms. Persky has repeatedly testified that she asked for, and used, the information in the communications to render legal advice. ICA____, Persky Decl., ¶ 10-11; Dkt. 91-

2, Supp. Persky Decl. ¶¶ 4-5 ("I was acting as a lawyer weeding through various settlement options to provide legal advice to my client regarding the desirability and feasibility of settlement"); JA____, Dkt. 37, Ex. 4, Persky Tr. 113:11-116:1, 118:8-23, 120:6-12, 127:2-15. She and others also testified as to *what* legal advice Ms. Persky was giving in each document. ICA___, Persky Decl. ¶¶ 14, 17, 18, 19, 20; ICA__, Taylor Decl. pp. 9, 11, 12, 13, 17, 18, 19, 20, 24, 25, 27, 28, 29, 30, 31, 33, 34, 35, 41, 42; JA____, Dkt. 91-2, Persky Supplemental Decl., at ¶¶ 8, 10, 11, 13, 15, 17, 18, 19, 21, 23.

The evidence was clear and consistent: the communications at issue had a significant purpose of allowing Ms. Persky to provide settlement and antitrust advice to her client. Indeed, it would have been impossible for Ms. Persky to give sound antitrust advice in this case without knowing the financial impact on the company of proposed settlement options, as the FTC well knows. *See, e.g.*, *FTC v. Actavis*, 133 S. Ct. 2223, 2245 (2013) (Roberts, C.J., dissenting) (noting that evidence concerning a party's motivation to settle a patent suit may be embedded in legal advice from its attorney, "which would presumably be shielded from discovery"). Thus, while the circumstances surrounding the communications certainly help to understand why legal advice was likely needed, contrary to the FTC's assertions, Magistrate Judge Harvey did not rely solely on the "context" of the communications to rule them privileged. *See* FTC Br. at 34.

The FTC argues that the documents could not have related to legal advice because Magistrate Judge Harvey also found that some of the documents at issue did not reveal Ms. Persky's legal thought processes and theories (a finding that was itself erroneous, *see infra* Cross Appeal § I(A)). FTC Br. at 36-37. But even if it is affirmed, that finding does not aid the FTC's argument. It is the equivalent of saying that because a criminal defendant's confession to counsel does not reveal counsel's legal strategy in response to that confession, it must not be privileged. Any first year law student understands that argument is nonsense.

Nor do the two unpublished district court cases upon which the FTC relies help it. The first, *MSF Holding, Ltd. v. Fiduciary Trust Co. International*, No. 03 Civ. 1818, 2005 WL 3338510 (S.D.N.Y. Dec. 7, 2005), is directly contrary to this Court's binding precedent in *Kellogg*. In *MSF*, the court considered whether certain e-mails from the general counsel concerning whether to honor a letter of credit were privileged. Although the court conceded the business decision of whether to honor a letter of credit "necessarily occurs against the background of any legal obligation to do so," it refused to protect the e-mails at issue because it believed the general counsel was serving a "predominantly commercial function" when making that decision. *Id.* at *1. *Kellogg* is very clear that the test for attorney client privilege, properly applied, should not "presume that a communication can have only one primary purpose." 756 F.3d at 759. This

Court's precedent—not an unpublished case from the Southern District of New York—should govern.

King Drug Co. of Florence, Inc. v. Cephalon, Inc., No. 2:06-cv-1797, 2011 WL 2623306 (E.D. Pa. July 5, 2011), is inapposite. *See* FTC Br. at 40. In that case, the plaintiff argued that certain e-mails authored by executives of Chemagis, a member of Barr's joint defense group, revealed Barr's counsel's legal opinions and thus waived Barr's attorney-client privilege. 2011 WL 2623306 at *6. The district court disagreed, noting that the Chemagis e-mails only disclosed potential generic launch dates, not Barr's counsel's legal advice to anyone. *Id.* at *7. Accordingly, the court held that there was no subject matter waiver of privilege. *Id.* at *8. Obviously, that is not, as the FTC implies in its brief, the same as holding that no communication involving generic entry timelines—particularly communications directly between an attorney and a client—can ever be privileged.

C. Boehringer Has Not Waived Its Privilege Claims

In the face of extensive record evidence in support of the district court's factual findings and an insurmountable clear error standard of review, the FTC makes a last-ditch effort to argue that Boehringer has somehow waived its claims of privilege because it did not address each challenged document in its original attorney-client privilege briefing before Magistrate Judge Facciola. FTC Br. at 32.

Like all of the FTC's arguments on this appeal, that argument entirely ignores the extensive record evidence set out above.

The FTC's focus on the initial briefing before Magistrate Judge Facciola is particularly unfair because in that briefing, Boehringer was forced to address the FTC's vague challenge to *hundreds* of Boehringer's privilege claims. (In fact, those challenges were so vague that if any waiver is found based solely on the briefing before Magistrate Judge Facciola, it should be waiver by *the FTC* for not making a specific enough privilege challenge. *See* Dkt. 37 at 33.) It would have been impossible to efficiently address such voluminous material on a document-by-document basis, let alone to do so while also addressing the numerous other issues Boehringer was required to address at the time.

Moreover, the FTC agreed to the sampling procedure that was used here. Pursuant to that procedure, Boehringer *did* defend the sample documents on a document-by-document basis through its *in camera* affidavits and associated briefing. Essentially, then, the FTC is crying waiver because Boehringer followed the procedure it agreed upon. Its waiver argument falls particularly flat given that it *objected* to additional briefing or argument on the attorney-client issue on remand. Dkt. 28 at 14.

A waiver finding here would not only be unfair, but it would set a bad precedent. The FTC could overcome valid claims of privilege on any settlement it

is investigating simply by lobbing vague and unparticularized challenges at hundreds of documents at a time, opposing adequate briefing or testimony to defend those privilege claims, and waiting for a waiver finding when the subpoenaed party inevitably cannot, in one brief, individually defend hundreds of claims of privilege. It would also encourage the sort of bait-and-switch the FTC is attempting here, where the FTC can agree to a sampling procedure and later claim that the agreed-upon procedure results in waiver. Such tactics would tremendously erode the attorney client privilege, particularly in the corporate context. It would virtually guarantee that sophisticated businesspeople in highly regulated settings would refuse to give their counsel the information necessary to render effective advice, for fear that the information would later be Exhibit A in an enforcement proceeding against the company. The Supreme Court has already made clear that such a result is neither consistent with the law nor the public interest. *See Upjohn*, 449. U.S. at 392.

The FTC must either accept Magistrate Judge Harvey's findings that Ms. Persky was acting in her legal capacity and a significant purpose of the documents at issue was to give or obtain legal advice, or show that such findings were clear error. The waiver argument should be rejected on both fairness and policy grounds.

BOEHRINGER'S CROSS APPEAL

I. THE DISTRICT COURT ERRED WHEN IT DID NOT ACCORD WORK PRODUCT PROTECTION TO THE DOCUMENTS AT ISSUE ON APPEAL

A. The Documents At Issue Are Opinion Work Product Under the Standards Set Forth In This Court's Boehringer I Opinion

The Federal Rules of Civil Procedure require courts to "protect against disclosure of" all "mental impressions . . . of a party's attorney . . . concerning the litigation," including settlement. Fed. R. Civ. P. 26(b)(3)(B). Documents that reveal "the mental impressions, conclusions, opinions, or legal theories of a party's attorney or other representative concerning the litigation" therefore receive heightened protection as "opinion work product." *Boehringer I*, 778 F.3d at 151 (*citing* Fed. R. Civ. P. 26(b)(3)(B)); *In re Sealed Case*, 124 F.3d 230, 235-36 (D.C. Cir. 1997). "When a factual document selected or requested by counsel exposes the attorney's thought processes and theories, it may be appropriate to treat the document as opinion work product, even though the document on its face contains only facts." *Id.* (*citing Dir., Office of Thrift Supervision v. Vinson & Elkins, LLP*, 124 F.3d 1304, 1308 (D.C. Cir. 1997)). However, such documents must "reflect[] the attorney's focus in a meaningful way." *Id*.

In its *Boehringer I* opinion, this Court stated that to qualify as opinion work product, a lawyer needed to have "sharply focused or weeded" the facts contained therein such that they "reveal . . . counsel's legal impressions or their views of the

case." 778 F.3d at 152. Put another way, the document must reflect mental impressions aside from those that "a layman would have . . . in these particular circumstances[.]" *Id*. at 152-53. This ensures that the mental impressions reveal "something of legal significance." *Id*. at 153.

The district court correctly found that Ms. Persky requested most of the approximately three dozen sample work-product documents at issue in her capacity as an attorney, and presumed that Ms. Persky personally chose all of the relevant variables in the analyses at issue. JA___, Dkt. 101 at 34-35. However, it erroneously ruled that although those documents "reflect a broad-ranging factual analysis of many possible litigation and settlement outcomes," they do not reveal Ms. Persky's legal mental impressions because they do not state "which scenarios [she deemed] legally defensible or desirable." *Id.* at 34.

A document need not express an attorney's final, legal advice to qualify as opinion work product. The *process of getting to* the final legal advice—particularly when that process concerns identifying and evaluating potential compliance concerns—are also mental impressions that should be carefully protected. *See Concord Boat Corp. v. Brunswick Corp*., No. LR-C-95-781, 1997 WL 34854479, at *2 (E.D. Ark. June 13, 1997) (white paper containing counsel's "selection of facts to use in support of" its argument that the client did not violate antitrust laws was "opinion work product in the classic sense"); *Nguyen v. Excel*

Corp., 197 F.3d 200, 210-211 (5th Cir. 1999) ("counsels' assessment of [the client's] compliance with the law" is not subject to discovery because to do so would allow litigation "on wits borrowed from the adversary"); *United States v. Nat'l Assoc. of Realtors*, 242 F.R.D. 491, 496 (N.D. Ill. 2007) (document including attorney's "opinions about potential antitrust liability" arising from a policy were "clearly protected as work product"); *Beloit Liquidating Trust v. Century Indemnity Co.*, No. 02 C 50037, 2003 WL 355743, at *13 (N.D. Ill. Feb. 13, 2003) (accepting argument that "documents prepared by Beloit's lawyers evaluating settlement options" was "core work product" that "would . . . disclos[e the attorney's] strategy"). For example, attorney notes—which do not give advice but reflect the attorney's view of which facts are relevant—are classic work product, even though they do not reflect final legal advice.

The district court also found it significant that Ms. Persky's "involvement in the creation of these documents was merely directory," which the district court said confirmed that it did not show her "cull[ing] the data she received." Dkt. 101 at 35. That conclusion does not follow from the premise. Asking for *particular information* is, in and of itself, culling information. *See Upjohn*, 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."). And the work-product doctrine was designed to protect attorneys' process as they

weed through facts to develop a legal theory. *Hickman v. Taylor*, 329 U.S. 495, 511 (1947) ("Proper preparation of a client's case demands that he assemble information, sift what he considers to be the relevant from the irrelevant facts . . . without undue and needless interference").

The record demonstrates that the work-product documents reveal Ms. Persky's thought process as she rendered settlement and compliance advice to her client. To present settlement options to her client, Ms. Persky first determined which options would be feasible in light of the legal uncertainties for the multiple litigation matters at hand and in the best legal interest of her client. JA___, Dkt. 91-2, Supp. Persky Decl. ¶ 5-6. Specifically, she considered whether potential settlement options would be cost-prohibitive for her client and whether the cost and risks of any options that were not cost-prohibitive were justified in light of the litigation uncertainties they would eliminate. *Id*. at ¶ 5. She identified particular economic parameters that were particularly important to her settlement strategy for the litigation matters and asked the businesspeople at Boehringer to perform financial analyses of the impact on the company of various settlement scenarios centered on those parameters. *Id*.

As she developed a settlement strategy to present to her client, Ms. Persky was fully aware that the FTC would review any settlement Boehringer entered into with Barr. JA___, Dkt. 91-2, Supp. Persky Decl. ¶ 6. Therefore, her evaluation of

whether the financial aspects of particular settlement scenarios posed undue antitrust risk was a crucial part of her assessment of the viability of particular settlement options and the relative advantages and disadvantages of those options. *Id*. In assessing antitrust risk, Ms. Persky needed to consider what the FTC might argue is the fair market value of the proposed settlement options. *Id*. Thus, the financial analyses at issue were also requested in significant part so that Ms. Persky could render antitrust compliance advice to her client. *Id*.

After Ms. Persky had determined that a discrete set of settlement options were viable (with the benefit of the financial analyses at issue and some negotiation with Barr) that she presented legal advice regarding those options to her client to obtain settlement authority. JA___, Dkt. 91-2, Supp. Persky Decl. ¶ 5.

Thus, the financial analyses at issue reflected not the thoughts of a layperson, but the precise factors Ms. Persky used to weed through various settlement options as an attorney in order to advise her client regarding which options were potentially acceptable and the legal risks each created and/or mitigated. *Id*. The mental impressions reflected in the analyses, therefore, are the sort of "legal theories" that this Court acknowledged should be protected as opinion work product, and by nature the inputs within them are "sharply focused and weeded" to reflect the precise criteria that Ms. Persky deemed important to creating her settlement strategy. Mental impressions of that sort are in the

heartland of opinion work product. *See, e.g.*, *Willingham v. Ashcroft*, No. 02-1972, 2005 U.S. Dist. LEXIS 22258 at *10-12 (D.D.C. Oct. 4, 2005) (DEA attorneys' "thoughts regarding possible settlement" were opinion work product).

To the extent that it was at all unclear which attorney mental impressions can be gleaned from the documents at issue, Ms. Persky set them forth, in document-by-document detail, in her proposed *ex parte* affidavit. JA___, Dkt. 91-2, Persky Supp. Decl. The district court essentially ignored that testimony, ruling that it need not admit the *ex parte* portions of the declaration because the case did not involve national security or grand jury issues. The district court insisted that the "business interests" at stake in this case "fall well short of the types of interests that appropriately deserve ex parte treatment, *i.e*. national security and grand jury matters." JA___, Dkt. 101 at 29.

That ruling was wrong as a matter of law, and it compounded the error in the district court's work product analysis. Protecting the attorney-client privilege is an extremely important societal interest that itself justifies admitting an in camera declaration. Indeed, numerous courts have allowed *in camera, ex parte* declarations in the privilege context. *See, e.g.*, *In re Miller*, 438 F.3d 1141, 1151 (D.C. Cir. 2006) (stating that the Circuit has "previously noted the propriety of [in camera, ex parte] procedures to protect the well-established attorney-client privilege"); *American Immigration Council v. U.S. Dep't of Homeland Sec.*, 950 F.

Supp. 2d 221, 244 (D.D.C. 2013) (inviting government to submit in camera affidavit to show entitlement to attorney-client privilege); *FPL Grp., Inc. v. I.R.S.*, 698 F. Supp. 2d 66, 84 (D.D.C. 2010) (ordering party claiming privilege to submit "an affidavit . . . in camera" explaining its privilege claims); *Alexander v. FBI*, 192 F.R.D. 12, 16 n.3 (D.D.C. 2000) ("appropriate course" to assert particular claim of attorney-client privilege "would be to submit affidavits in camera"). If the contents of the declaration had been disclosed to the FTC, they would have revealed the very privileged information that *in camera* review is designed to protect. The district court had an obligation to avoid that result. *See, e.g.*, *United States v. Reynolds*, 345 U.S. 1, 7-8 (1953) (encouraging procedures for evaluating privilege that do not "forc[e] a disclosure of the very thing the privilege is designed to protect").

Had the district court properly considered what about Ms. Persky's legal thinking would be revealed, for example, by the specific parameters of the analyses Ms. Persky requested, it would have found the documents at issue to be attorney work product. And, the district court need not have speculated about what thoughts relating to legal advice would be revealed; Ms. Persky set them out, in detail, in her proposed *in camera* supplemental declaration. The district court's opinion work product holding should thus be reversed.

B. Boehringer I Wrongly Ruled That Attorney Mental Impressions Regarding A Settlement's Commercial Feasibility And Expected Costs Are Mere Fact Work Product

The district court's work product ruling was also erroneous because it was infected by the erroneously high standard for opinion work product that this Court set forth in *Boehringer I*.[7] *Boehringer I*, 778 F.3d at 151-53. The Court held that documents reflecting "the lawyer's thoughts relating to financial and business decisions," should not be treated as "opinion work product." *Id.* at 153.

That holding was error, and in sharp contrast to the Second Circuit's holding in *United States v. Adlman*, 134 F.3d 1194 (2d Cir. 1998). *Adlman* held that documents that "directly or indirectly" reveal "mental impressions or opinions of the attorney who prepared them" should remain protected even if those "materials serve other functions apart from litigation," such as business functions. *Id.* at 1202 (*citing* Note, The Work Product Doctrine: Why Have an Ordinary Course of Business Exception?, 1988 Colum. Bus. L. Rev. 587, 604 (1988)). The *Adlman* court was specific that protected mental impressions include the attorney's analyses of "the feasibility of reasonable settlement" terms. 134 F.3d at 1200. The court expressly rejected the idea that "documents assessing . . . the likelihood of

[7] Boehringer recognizes that this panel cannot, without hearing the case *en banc*, overturn the holding of the prior panel with respect to either the standard for opinion work product or the standard for substantial need. Boehringer intends to appeal *Boehringer I's* ruling on these issues to the Supreme Court, however, and thus raises these arguments for preservation purposes.

settlement and its expected cost" should not be protected if "prepared for a business purpose rather than to assist in litigation," finding such result completely "unwarranted." *Id.* at 1202. *See also Fair Isaac Corp. v. Experian Info. Solutions Inc.*, Case No. 06-cv-4112, Mem. Order at 15 (D. Minn. Nov. 3, 2008) (Dkt. No. 431) ("[t]he fact that the [litigation] settlement contemplated a business resolution . . . does not convert the analyses of the solution into a routine or ordinary business decision").

The *Adlman* court explained why this Court's more restrictive standard for opinion work product is counterproductive. Any rule that were to limit protection of attorney mental impressions regarding the expected cost of settlement simply because those impressions were recorded "to assist in a business decision rather than to assist in the conduct of the litigation" would have undesirable results. *Adlman*, 134 F.3d at 1202. For example, settlement analyses might be created to determine whether it made financial sense to undertake a transaction that could result in litigation. *Id*. at 1999-1200. If such analyses were freely discoverable, attorneys would likely "declin[e] to make such analys[e]s or scrimp[] on candor and completeness to avoid prejudicing [the client's] litigation prospects," thus exposing their clients to "ill-informed decisionmaking." *Id*. at 1200. Alternately, the attorney could request the analysis and risk "serious prejudice to the company's prospects in the litigation" if the analysis were later produced in discovery. *Id*.

The court found the choice "untenable," and noted that "nothing in the policies underlying the work-product doctrine or the text of the Rule itself" would "justify subjecting a litigant to this array of undesirable choices." *Id*. The court thus concluded, "[t]he fact that a document's purpose is business-related appears irrelevant to the question [of] whether it should be protected under Rule 26(b)(3)." *Id*.

The *Adlman* court is correct. *Boehringer I's* standard for opinion work product is overly restrictive. Attorney mental impressions concerning "business" concerns such as the financial viability of settlement, should be protected as opinion work product.

C. Boehringer I Wrongly Ruled That A Party Can Demonstrate "Substantial Need" Merely By Showing That A Document Is Relevant

This Court held in *Boehringer I* that a party can show "substantial need" for a document merely by showing that the document meets the broad relevance standards of Rule 26(b)(1). *Boehringer I*, 778 F.3d at 155. That holding was against the weight of authority. The Fourth, Sixth, Seventh, Tenth, and Eleventh Circuits, as well as a variety of district courts, have required some sort of heightened probative value beyond mere relevance before finding "substantial" "need" for fact work product. *Logan*, 96 F.3d at 977 (acknowledging that the documents concerned information "directly at issue" in the case, but declining to

find substantial need unless plaintiff could "demonstrate some likelihood or probability that the documents sought may contain evidence of bad faith"); *J-M Mfg. Co.*, 555 F. App'x at 785 (relevant fact work product need not be produced because substantial need can only be shown 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."); *United Kingdom v. United States*, 238 F.3d 1312, 1322 (11th Cir. 2001) (relevant documents need not be produced because a "party must show that production of the material is not merely relevant, but also necessary" to overcome work-product protection); *Stampley v. State Farm Fire & Cas. Co.*, 23 F. App'x 467, 471 (6th Cir. 2001) (per curiam) (party seeking discovery must always "show that documents are relevant," but if the materials were created in anticipation of litigation, the party must also show "substantial need."); *Belcher v. Bassett Furniture Indus., Inc.*, 588 F.2d 904, 908 (4th Cir. 1978) (contrasting the "general policy" that discovery may be had by "simply showing the relevancy of the desired discovery to the cause of action," to situations "when the desired discovery concerns materials prepared in anticipation of trial," in which case "the moving party must show that he has substantial need of the materials."); *K.W. Muth Co. v. Bing-Lear Mfg. Group, L.L.C.*, 219 F.R.D. 554, 575 (E.D. Mich. 2003) (noting that "need" under Rule 26(b)(3) requires "some 'plus' factor" beyond

relevance); *Fletcher v. Union Pac. R.R. Co*., 194 F.R.D. 666, 672 (S.D. Cal. 2000) (to show substantial need, requesting party must show that the work product is "essential to proving [the requestor's] prima facie case"); *Gucci Am., Inc. v. Guess?, Inc*., 271 F.R.D. 58, 74-75 (S.D.N.Y. 2010) (substantial need shown 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" (internal quotation marks omitted); *Davis v. Emery Air Freight Corp*., 212 F.R.D. 432, 436 (D. Me. 2003) ("the fact that the documents sought might be relevant to [plaintiff's] claims is not enough under Rule 26(b)(3)."); *Bradley v. Wal–Mart Stores, Inc*., 196 F.R.D. 557, 558 (E.D. Mo. 2000) (there can be no substantial need for materials that are not essential to the requesting party's prima facie case); *Martin v. Monfort, Inc*., 150 F.R.D. 172 (D. Colo. 1993) (finding no substantial need despite assuming relevance of requested documents); *Almaguer v. Chicago, R.I. & P. R.R. Co*., 55 F.R.D. 147, 148-49 (D. Neb. 1972) ("When lawyers have prepared or obtained the materials for trial, all courts require more than relevance; so much is clearly commanded by *Hickman*[.]").

There is a reason why the weight of authority is contrary to this Court's "mere relevance" standard. By its own terms, the substantial need standard in Rule 26(b)(3) requires a "need" that is "substantial." Thus, the Federal Rules clearly

dictate that to show substantial need, a party must show that the documents it seeks have some particular significance to the case.

The Advisory Committee notes further support this. When the committee first enacted Rule 26(b)(3), it specified that substantial need requires "more than relevance; so much is clearly commanded by *Hickman*." Fed. R. Civ. P. 26, 1970 advisory committee note to subdivision (b)(3). *See also Hickman*, 329 U.S. at 511 (party seeking disclosure has burden of establishing that the documents are "essential to the preparation of . . . [its] case"). The *Boehringer I* court did not address or distinguish this clear guidance, instead resorting to its own interpretation of cases cited in the Advisory Committee notes. 778 F.3d at 155.

The *Boehringer I* Court compounded the negative practical effects of its error by ruling that when the government conducts investigations, it can determine for itself what documents are "relevant," and thus for which documents its "need" is "substantial." In other words, any investigative agency could establish substantial need for any document otherwise protected as fact work product simply by declaring that the document could provide information relevant to some unnamed aspect of its investigation and was created before the investigation started. This is true even where, as here, the district court determined that the document *does not actually provide* the information the government claims it is seeking. *Boehringer I*, 778 F.3d at 157 ("If the District Court is correct that the

contested materials reveal an absence of conspiratorial intent, then the materials nevertheless may be helpful to the FTC in determining whether to issue a complaint in the first place."). That would virtually eliminate the substantial need requirement in the investigative context. Work-product protection should not be so weakened, particularly not in this Circuit, where federal investigative subpoenas are served every day by all manner of federal agencies.

The FTC has not shown, and cannot show, that it truly has a "need" for the analyses at issue, let alone that such need is "substantial." Accordingly, even if Boehringer's work-product documents are fact work product, as opposed to opinion work product, they should be protected from disclosure. Yet, as a direct result of the overly lax standard this Court set forth in *Boehringer I*, the district court required those documents to be produced.

CONCLUSION

The Court should affirm the district court's attorney-client privilege ruling and reverse the district court's work product ruling.

Dated: May 26, 2017

Respectfully submitted,

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CERTIFICATE OF COMPLIANCE

I hereby certify that the foregoing brief complies with the word limit set forth in Fed. R. App. P. 32(a)(7)(B), because it contains 15,193 words, excluding the parts of the brief exempted by Fed. R. App. P. 32(a)(7)(B)(iii) and D.C. Cir. R. 32(a)(1), as counted using the word-count function on Microsoft Word 2007 software.

Dated: May 26, 2017

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CERTIFICATE OF SERVICE

I hereby certify that, on this 26th day of May, 2017, I electronically filed the foregoing document with the Clerk of this Court, which will notify the following at their e-mail address on file with the Court:

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