Nos. 16-5356 and 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. 1:09-mc-564
Hon. G. Michael Harvey

BRIEF OF THE FEDERAL TRADE COMMISSION

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FINAL

CERTIFICATE AS TO PARTIES, RULINGS, AND RELATED CASES

1. Parties

The Federal Trade Commission ("Commission" or "FTC") was the petitioner before the district court and appears as appellant and cross-appellee before this Court.

Boehringer Ingelheim Pharmaceuticals, Inc. ("Boehringer") was the respondent before the district court and appears as appellee and cross-appellant before this Court.

2. Ruling Under Review

The ruling under review consists of the memorandum opinion and the associated order entered by the district court on September 27, 2016. Dkt. 101, 102 [JA–1179-1230].

3. Related Cases

This case was previously before this Court, and its decision is reported at *FTC v. Boehringer Ingelheim Pharmceuticals, Inc.* 778 F.3d 142 (D.C. Cir. 2015). No related cases are pending before this Court or any other court.

GLOSSARY

Barr	Barr Pharmaceuticals, Inc. (including its wholly-owned subsidiary, Duramed Pharmaceuticals, Inc.)
Boehringer	Boehringer Ingelheim Pharmaceuticals, Inc.
Commission	Federal Trade Commission
Dkt.	Docket entry in district court case below (*FTC v. Boehringer Ingelheim Pharmaceuticals, Inc.*, Case 1:09-mc-00564 (D.D.C.))
JA	Joint Appendix
FTC	Federal Trade Commission
Persky	Marla Persky, senior vice president, general counsel and corporate secretary of Boehringer

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INTRODUCTION

This case involves a recurring, serious problem that can arise when companies use executives who are also lawyers to negotiate business deals. If a deal becomes subject to a government investigation or litigation, companies may improperly rely on the incidental fact that the negotiator was a lawyer to make overly broad privilege claims covering virtually all documents related to the deal, including business and financial analyses showing why the company entered into it. Often, however, the "lawyer" acted as a businessperson, not a legal advisor, and the documents concern business matters, not legal ones. A district court therefore must carefully examine the precise role played by the lawyer/businessperson with regard to each communication before it can resolve the claim of privilege. Otherwise, companies may use in-house counsel to shield documents that deserve no protection, impeding both law enforcement and private litigation.

The district court failed to make that careful examination here. Boehringer refused to produce documents relevant to an FTC antitrust investigation on the ground that the documents had been created by or at the request of its general counsel, who had negotiated potentially anticompetitive business deals. This Court had already found that the general counsel sometimes acted as a businessperson and not as a lawyer, and Boehringer's privilege log did not identify a single one of the disputed documents as having been created to give or receive legal advice. Yet

the court did not require Boehringer to show that Marla Persky, its senior vice president, general counsel, and corporate secretary, acted in her capacity as an attorney with respect to the disputed documents. Instead, the court assumed that the general counsel sought each document at least in part to provide legal advice in her capacity as a lawyer, and it sustained all the claims of privilege.

That was reversible error. Indeed, this Court held in an earlier round of this case involving the very same documents that they concerned "questions about whether the agreements made financial sense" which "were a matter of business judgment, not legal counsel." *FTC v. Boehringer Ingelheim Pharms., Inc.*, 778 F.3d 142, 152 (D.C. Cir. 2015), *reh'g denied* (June 4. 2015), *cert. denied*, 136 S. Ct. 924 (2016). After reviewing the documents *in camera*, the Court determined that the general counsel's role was, in many cases, that of a "layman," *id*. at 153 (internal quotation marks and citation omitted), and that many of the documents contained nothing of "legal significance," *id*. Such findings underscore why the district court should have required Boehringer to show that the documents reflected Persky's acting as a lawyer and providing legal advice; instead, it accorded categorical protection to all documents created by her or at her request simply because she was general counsel.

This Court should reverse the district court's judgment and hold that Boehringer did not clearly show that each communication was made to obtain legal

advice from its general counsel on matters that required her professional skill as a lawyer. It should direct the district court to enter an order requiring Boehringer to produce the disputed documents subject to this appeal within 30 days, and remand the case so that the district court may oversee any proceedings needed to address Boehringer's application of this Court's rulings to the remaining documents.

JURISDICTION

The district court had subject-matter jurisdiction pursuant to 15 U.S.C. § 49 (authorizing district courts to enforce FTC subpoenas) and 28 U.S.C. §§ 1331, 1337, and 1345. On September 27, 2016, the district court entered an order that resolved all claims in this case, granting in part and denying in part the FTC's subpoena enforcement petition. Dkt. 101, 102 [JA–1179-1230]. The Commission filed a timely notice of appeal on November 23, 2016. *See* Fed. R. App. P. 4(a)(1)(B)(ii); Dkt. 107. Boehringer timely cross-appealed on November 28, 2016. *See* Fed. R. App. P. 4(a)(3); Dkt. 108. The Court consolidated the appeals on November 30, 2016, and has jurisdiction over them pursuant to 28 U.S.C. § 1291.

QUESTION PRESENTED

Boehringer's in-house counsel, who also served as a member of the executive team, negotiated the business terms of a marketing agreement and litigation settlement. The question presented is whether communications reflecting business and financial analyses of such business matters are categorically protected

by the attorney-client privilege simply because the communications were made to or by an attorney and without regard to whether she sought or made them in her role as a lawyer advising on legal matters.

STATEMENT OF THE CASE

A. Nature of the Case, Course of Proceeding, and Prior Dispositions

On February 5, 2009, the FTC issued a subpoena *duces tecum* to Boehringer seeking documents relevant to an investigation into whether Boehringer unlawfully paid Barr Pharmaceuticals, Inc. ("Barr") not to launch competing generic versions of brand-name drugs as part of a patent litigation settlement. After Boehringer failed to comply with the subpoena, the FTC filed a petition for enforcement in the U.S. District Court for the District of Columbia on October 23, 2009. Dkt. 1 [JA–10-66].[1]

Before the district court, the FTC challenged, *inter alia*, Boehringer's refusal to produce hundreds of financial analyses and other similar documents based on claims of attorney-client privilege and the work-product doctrine. On September 27, 2012, the district court held that all of the withheld financial analyses prepared in connection with the settlement of the patent litigation—including all analyses

[1] The first three volumes of the joint appendix in this appeal have the same content and pagination as the appendix in the prior appeal. Pleadings and exhibits filed in the district court during the remand proceedings and cited in the briefs are included in the fourth volume of the joint appendix. A separate volume, submitted by Boehringer, contains its *ex parte* and *in camera* submissions.

related to the business agreement that Boehringer entered into with Barr at the time of settlement—constituted opinion work product. *See FTC v. Boehringer Ingelheim Pharms., Inc.*, 286 F.R.D. 101 (D.D.C. 2012), *aff'd in part, vacated in part, remanded*, 778 F.3d 142 (D.C. Cir. 2015).[2] The court did not address Boehringer's separate claims of attorney-client privilege covering many of the same documents.

The FTC appealed, and this Court reversed on February 20, 2015. *Boehringer*, 778 F.3d 142. It held that the district court had applied an overly broad standard for classifying work product as opinion rather than fact work product. *Id.* at 152-53. It also concluded that the district court had found that the FTC had shown a substantial need for fact work product. *Id.* at 157. It thus remanded the case to the district court to determine under correct legal standards which documents truly qualified as opinion work product and which should be produced to the FTC as fact work product. *Id.* at 158. The Court also directed the district court to address previously unresolved claims of attorney-client privilege that Boehringer made for the work-product documents subject to the appeal. *Id.*

Following this Court's guidance on remand, the district court ruled that only three of the documents for which Boehringer claimed work product qualified as

[2] This brief will cite to the slip opinion versions of both the initial and the remand decisions of the district court, which are included in the joint appendix.

opinion work product while the remainder were only fact work product. But the court also concluded that most of the financial analyses found in those documents nonetheless were privileged attorney-client communications. Because the company's general counsel allegedly requested the financial analyses in the context of patent litigation settlement talks, the court determined that obtaining legal advice was "one of the significant purposes" of the communications. Dkt. 101 at 46, 47 (citing *In re Kellogg Brown & Root, Inc.*, 756 F.3d 754, 759 (D.C. Cir. 2014)) [JA–1224-25].

The parties cross-appealed.

B. Statement of Facts

1. FTC investigation of Hatch-Waxman settlements, reverse-payment agreements, and the Boehringer-Barr agreements

Brand-name manufacturers of patented drugs that have monopoly power can charge high prices for their products. When a generic competitor challenges the patent and threatens to enter the market and dramatically lower prices, the patent holder has an incentive to maintain monopoly prices by paying the would-be competitor to stay out of the market. In *FTC v. Actavis, Inc.*, 133 S. Ct. 2223, 2236-37 (2013), the Supreme Court ruled that such payments, called "reverse payments" as described below, can violate the antitrust laws. The FTC thus carefully scrutinizes the settlement of patent litigation between patented drug manufacturers and potential generic entrants.

Reverse-payment settlements arise in the context of the Drug Price Competition and Patent Term Restoration Act of 1984 ("Hatch-Waxman Act"), Pub. L. No. 98-417, 98 Stat. 1585, a regulatory framework established by Congress to encourage generic drug entry into the market. When a company seeks approval from the Food and Drug Administration to market a generic version of a brand-name drug before expiration of a patent covering that drug, it must certify that the patent in question is invalid or not infringed by the generic product (a "Paragraph-IV" certification). 21 U.S.C. § 355(j)(2)(A)(vii)(IV). This system encourages generic drug companies to challenge the validity of pharmaceutical patents. *See Actavis*, 133 S. Ct. at 2234. Once a generic company files a Paragraph-IV certification, the patent holder may sue immediately for infringement, without waiting for the generic applicant to market its product. *See* 35 U.S.C. § 271(e)(2).

When the litigants settle the patent lawsuit using a reverse-payment settlement, the alleged generic infringer agrees not to enter the market for a period of time, and in return the patent holder "pay[s] the alleged infringer, rather than the other way around," the way patent litigation is ordinarily settled. *Actavis*, 133 S. Ct. at 2227. Reverse-payment settlements are anticompetitive if, in economic reality, the brand-name company shares its monopoly profits with the potential generic competitor to prevent the risk of generic competition. *Id.* at 2236; *see also*

12 Phillip E. Areeda & Herbert Hovenkamp, *Antitrust Law* ¶ 2046c, at 338-47 (3d ed. 2012).

The Supreme Court held in *Actavis* that the antitrust analysis of reverse-payment settlements should focus on the size of the payment and its potential justifications. 133 S. Ct. at 2236-2237. A reverse payment may not raise antitrust concerns if it "amount[s] to no more than a rough approximation of the litigation expenses saved through the settlement," or if it constitutes "compensation for other services that the generic has promised to perform." *Id.* at 2236. Such compensation does not necessarily take the form of explicit cash payments; instead, the settling firms can bundle the payment into a separate business deal executed simultaneously with the settlement. Thus, when the FTC investigates drug-patent-litigation settlements, it often seeks companies' contemporaneous internal financial analyses and business forecasts to determine whether the branded firm has compensated the generic firm for abandoning its patent challenge and agreeing to stay off the market.

Boehringer held patents on the two branded products at issue here: Mirapex, which treats the symptoms of Parkinson's Disease, and Aggrenox, which can reduce the risk of stroke. Dkt. 1-1 at 3 [JA–22]. After Barr filed Paragraph-IV certifications for Mirapex in 2005 and Aggrenox in 2007, Boehringer promptly

filed infringement suits. *Id*. In August 2008, Boehringer and Barr entered simultaneous agreements settling both suits. *Id.* at 4 [JA–23].

Under the settlement agreements, Barr agreed not to market generic Mirapex until January 2010 and generic Aggrenox until July 2015. *Id*. At the same time, the companies entered into a "co-promotion" agreement in which Boehringer agreed to provide substantial compensation to Barr purportedly in exchange for Barr's promoting branded Aggrenox to women's doctors. *Id*.

2. FTC investigation and Boehringer's privilege claims

On January 15, 2009, the Commission began an inquiry into "whether Boehringer and Barr … ha[ve] engaged or [are] engaging in unfair methods of competition in or affecting commerce, in violation of Section 5 of the Federal Trade Commission Act, 15 U.S.C. § 45, as amended, with respect to the sale of Aggrenox or its generic equivalents and Mirapex or its generic equivalents." Dkt. 1-2 at 2 [JA–30]. On February 5, 2009, the Commission issued the subpoena at issue in this case. Dkt. 1-3 at 2-16 [JA–32-46]. The subpoena requested documents related to the Mirapex and Aggrenox patent litigation; to the sales, profits, and marketing plans for Mirapex and Aggrenox (including forecasts of generic entry); and to the Aggrenox co-promotion agreement. Dkt. 1 at 1-10 [JA–10-19]; Dkt. 1-1 at 4-5 [JA–23-24]. On October 23, 2009, after Boehringer did not comply, the FTC

filed in the United States District Court for the District of Columbia a petition to enforce the subpoena. Dkt. 1-4 at 1-20 [JA–47-66].

Boehringer claimed attorney-client privilege or work-product protection with regard to 3420 documents. *See* Dkt. 32, Ex. B at 5 [JA–226]; Dkt. 32, Ex. B. Decl. Ex. 17 at 1 [JA–562]. Based on Boehringer's descriptions in its privilege log and the sworn testimony of Boehringer's personnel taken at investigational hearings (essentially depositions taken during the investigation), the FTC challenged 631 of those claims. Dkt. 69 at 4 [JA–147]. In particular, the agency challenged Boehringer's attorney-client privilege claims over many business and financial analyses that were largely not created by (or even sent to) lawyers, addressed only business matters, and did not appear to have been created for the purpose of legal advice. Dkt. 32 at 21-22 [JA–209-210]; Dkt. 33 at 15-17 [JA–960-62].[3] The district court ordered the parties to submit a mutually agreed-upon sample of the disputed documents for the court's *in camera* review. Dkt. 69 at 3-4 [JA–146-147].[4] Boehringer's privilege log entries for the disputed documents

[3] The FTC also challenged Boehringer's claims for protection under the work-product doctrine, which this Court and the district court addressed in the prior decisions discussed below.

[4] The district court's and this Court's rulings are based on review of the documents in the sample. Based on those rulings, Boehringer will produce comparable documents found among the withheld documents for which the FTC has challenged Boehringer's work-product and attorney-client privilege claims. *See* Dkt. 101 at 51 [JA–1229].

supported the FTC's argument: No entry concerning a disputed document in the sample states that the communication was made for the purpose of seeking or providing legal advice.[5]

Although Boehringer now maintains that the disputed documents were prepared at Persky's request, the privilege log indicates that she authored only two and received just nine of them.[6] Regardless, the record showed that, even if she requested the disputed documents, Persky's role was that of a business executive, not a lawyer providing legal advice. She testified that she served as Boehringer's lead negotiator on the "business terms" and "the broad economic arrangement" for "all of the agreements," including the "key business terms of the co-promotion agreement." Dkt. 37, Ex. 4 at 70:2-12, 71:10-12 [JA–755-756]. She did not serve as patent litigation counsel but rather was responsible for the economic and business terms of the agreements. Dkt. 37, Ex. 4 at 16:18-20:40 [JA–739-741]; *id.* at 70:8-22 [JA–755]. She also testified that the decision to enter that agreement was a "business decision" that had to make sense from a "financial business perspective." Dkt. 33 Ex. 2 at 67:16-22, 68:6-16 [JA–989-990]. It is clear that she requested the disputed documents to assist her in her role as lead business

[5] The privilege log entries for the disputed documents subject to review in this appeal are identified in the appendix at the end of this brief. For eight of these entries, Boehringer subsequently sought to expand its claims while the parties were preparing the *in camera* sample. We address that effort below in n.12 *infra*.

[6] *Id.*

negotiator. Dkt. 37, Ex. 4 at 70:2-12, 71:10-12 [JA–755-756]. As she testified repeatedly, she requested "financial information," Dkt. 37, Ex. 4 at 113:11-116:1 [JA–772-775], directed Boehringer businesspeople to provide her with figures concerning the acceptable "financial terms" for the settlement and co-promotion agreement, Dkt. 37, Ex. 4 at 118:8-23 [JA–776], and asked the business people to provide her with a "financial analysis" of the co-promotion agreement, Dkt. 37, Ex. 4 at 127:2-15 [JA–781].

The disputed financial documents fell into two broad categories:

(1) Non-legal business documents analyzing the Aggrenox co-promotion agreement. The privilege log lists a number of documents related solely to the Aggrenox co-promotion agreement, which Boehringer maintains was an "arms-length business arrangement" separate from the patent-litigation settlement. *See* Dkt. 32, Ex. B Decl. Ex. 18 at 7 [JA-577]. For example, document no. 1341 is an uncirculated spreadsheet created by non-lawyer Paul Fonteyne, a senior business executive, and found in the files of non-lawyer Stefan Rinn entitled "analysis of Aggrenox co-promotion relating to potential '577 patent litigation settlement prepared as a result of litigation." Dkt. 32, Ex. B Decl. Ex. 11 at 1034 [JA–390].

Boehringer testimony indicates that these documents were focused on the financial, not legal, implications of the co-promotion agreement. Elizabeth Cochrane, a financial executive who created many of the analyses, testified that her

role was to "quantify the [Aggrenox] copromotion," which entailed evaluating "the financial impact to [Boehringer]'s P&L, profit and loss statement." Dkt. 32, Ex. B Decl. Ex. 3 at 21:6-22:16 [JA-242-43]. Fonteyne, who was also closely involved in creating the analyses, testified that his role was to provide "commercial input" on the deal. Dkt. 32, Ex. B Decl. Ex. 20 at 48:7-9 [JA-599]. Some or all of these analyses appear to have been conducted in order to evaluate the financial (rather than legal) implications of the Aggrenox co-promotion agreement. Dkt. 32, Ex. B Decl. Ex. 18 at 7 [JA-577].

Despite Boehringer's insistence that it had provided all non-privileged ordinary course financial analyses, Dkt. 69 at 10 [JA–153], Boehringer produced no financial analyses of the co-promotion business deal in response to the FTC's subpoena. Boehringer withheld every single financial analysis of this "arms-length business arrangement."

(2) Non-legal business documents analyzing settlement options. Boehringer's privilege log describes over 300 documents as "regarding" or "prepared as a result of" the patent litigation. They were prepared by non-lawyers and circulated to non-lawyer business executives. The log similarly describes 55 documents as analyses of settlement options that appear to be non-legal business documents consisting of financial forecasts of generic entry or the financial impact of settlement options. Dkt. 32, Ex. B Dec. Ex. 17 at 2, App. A [JA-563, 568-69];

see Dkt. 32, Ex. B at 6-7 [JA-227-28]. For example, document no. 833 is a spreadsheet sent from Tom Buckley, a non-lawyer, to Fonteyne, copying numerous other business executives. The privilege log, however, describes the document as "Analyses of '577 and '086/'812 Patent Litigations prepared as a result of litigation." Dkt. 32, Ex. B Decl. Ex. 11 at 60 [JA-347]. Fonteyne, listed in the privilege log as the creator or recipient of many of the disputed documents, testified that his role was to provide "commercial input" consisting of "mostly financial analyses." Dkt. 32, Ex. B Decl. Ex. 20 at 41, 48 [JA-598-99]. Fonteyne's testimony reinforces what the privilege log and Persky's testimony suggest: many of these documents are simply business documents created to inform business decisions.

3. Initial district court proceedings

The district court granted the FTC's petition to enforce the subpoena in part and denied it in part. Dkt. 69, 70 [JA–144-164]. It ruled that many of the subpoenaed documents were highly protected opinion work product. The court concluded that the co-promotion agreement was an integral part of the patent-infringement litigation. It held that because Persky had provided "information and frameworks" that guided the financial analyses of the co-promotion and settlement agreements, disclosure of them would necessarily reveal attorneys' thought processes and constitute opinion work product. Dkt. 69 at 10-11 [JA–153-154].

The district court further concluded that the "factual inputs" provided by Persky when she requested the reports "cannot be reasonably segregated from the analytical outputs," and that disclosing "any aspect" of the analyses therefore would shed light on the nature of Persky's request. Dkt. 69 at 12 [JA–155]. Having classified all of the financial analyses as opinion work product, the court ruled that the FTC had not demonstrated an "overriding need" to discover such documents. Dkt. 69 at 12-13 [JA–155-156] (citing *Dir., Office of Thrift Supervision v. Vinson & Elkins, LLP*, 124 F.3d 1304, 1307 (D.C. Cir. 1997)).

Because the district court upheld Boehringer's work-product claims, it did not rule separately on any additional claims of attorney-client privilege that Boehringer made for the same documents. *Boehringer*, 778 F.3d at 148.

4. The prior appeal

On appeal, this Court affirmed in part and reversed in part. *Boehringer*, 778 F.3d 158. After *in camera* review of the disputed documents and *ex parte* affidavits, the Court reversed the district court's holding that all of the disputed documents qualified as opinion (rather than fact) work product. *Id.* at 151-53. The Court explained that, "not every item which may reveal some inkling of a lawyer's mental impressions … is protected as opinion work product." *Id.* at 151. Rather, "[o]pinion work product protection is warranted only if the selection or request reflects the attorney's focus in a meaningful way." *Id*. In this case, many of the

financial documents contained only "factual information produced by non-lawyers that, while requested by Persky … and other attorneys, does not reveal any insight into counsel's legal impressions or their views of the case." *Id.* at 152. Often, Persky's input amounted to "simply time frames for requested financial data—for example, forecasting in x-month intervals"—and Boehringer had failed to explain how disclosing those time frames could reveal anything of "legal significance." *Id.* at 153.

The Court described Persky's role in the patent settlement as providing "business judgment, not legal counsel." *Id.* at 152. It described her requests as "often general and routine" and said that her "general interest in the financials of the deal … reveals nothing at all: anyone familiar with such settlements would expect a competent negotiator to request financial analyses like those performed here." *Id.* Rather than reflecting legal judgment, the acceptable financial parameters for the agreements came from Boehringer's board of directors and business managers. *Id.* At bottom, the Court observed, "[a] company may select an executive who is a lawyer to negotiate the business terms of a settlement," but doing so "does not mean that the lawyer's thoughts relating to financial and business decisions are opinion work product when she is simply parroting the thoughts of the business managers." *Id.* at 153 (citations omitted).

The Court stated that on remand the district court "should determine which of the sampled documents may be produced, in full or in redacted form, as factual work product." *Id.* at 158. It also instructed the district court to determine whether attorney-client privilege provides a separate bar to discovery. *Id*.

5. The remand proceedings

On remand, the district court concluded that most of the business and financial analyses were fact, not opinion, work product. The court found that Persky's involvement, if any, in these analyses was akin to what "any reasonable businessperson in her position would analyze in this situation." Dkt. 101 at 34 [JA–1212]. "Persky's mental impressions, if any, in these analyses were no more than a layman would have in the circumstances and do not reveal 'something of legal significance.'" *Id.* at 35 (quoting *Boehringer*, 778 F.3d at 152-53) [JA–1213]. It did not matter whether Persky or businesspeople selected variables reflected in the documents. "Persky's due diligence as a data analyst for her client does not mean that every piece of data she touched becomes opinion work product." *Id.* at 35 [JA–1213]. The documents did "not reflect Persky's impressions as a legal advisor." *Id*. Indeed, the court concluded that "Boehringer's documents themselves give no indication that there were prepared for use in a discussion of antitrust liability." *Id.* at 38 [JA–1216].

The court thus held that all but three of Boehringer's documents qualify as fact work product only. Dkt. 101 at 39 [JA–1217].[7] At the same time, however the district court held that the attorney-client privilege nonetheless protected nearly all of the same business and financial analyses. Dkt. 101 at 40 [JA–1218].[8] It held that its ruling was effectively "compelled" by this Court's *In re Kellogg* decision, 756 F.3d 754, which the court found was "on all fours" with this matter. Dkt. 101 at 45 [JA–1223]. There, the Court had ruled that the attorney-client privilege applies where "obtaining or providing legal advice is *a* primary purpose of the communication." 756 F.3d at 760. The district court here found that test satisfied. Dkt. 101 at 47 [JA–1225]. Despite recognizing that many of the documents were just factual compilations made for business purposes, the court said that "it is equally clear that one of their significant purposes was to enable Persky and her co-counsel to give Boehringer legal advice." *Id.* at 43 [JA–1221].

The court based that determination on the "context" of the documents' creation—"the Boehringer-Barr settlement talks in the context of their ongoing

[7] According to the court, three documents, nos. 1057, 2578, and 2983, contain opinion work product and were email chains between Boehringer executives and in-house counsel. *Id.* at 39 [JA–1217]. (The court also found that these same three emails are privileged. *Id.* at 39, 43-44 [JA–1217, 1221-22].) The documents containing only fact work product are 810, 832, 861, 901, 992, 1344, 1396, 1397, 1947, and 2333. *Id.* at 39-40 [JA–1217-18].

[8] These documents are nos. 617, 791, 811, 815, 819, 833, 858, 902, 908, 973, 1008, 1040, 1057, 1058, 1290, 1291, 1333, 1341, 1365, 1381, 2331, 2364, 2387, 2550, 2578, 2580, 2918, 2980, 2983, 2984, 3058, and 3328. *Id.* at 40 [JA–1218].

lawsuit." *Id.* at 47 [JA–1225]. Even though the "documents do not reflect express requests for or provision of legal advice," *id.*, the court held that they had "prevalent legal overtones" given the circumstances of their creation. *Id.* at 47-48 [JA–1225-26]. Accordingly, "one of the significant purposes of these communications was to report on facts gathered at the request of Persky and other Boehringer counsel for the purposes of providing legal advice." *Id.* at 48-49 [JA–1226-27].

The court implicitly acknowledged the tension between its conclusion that Persky had acted only as a businessperson for purposes of the work-product doctrine, and its finding that she had acted as a lawyer for purposes of the attorney-client privilege. It nevertheless found those holdings not "inconsistent" because the "protective spheres of the work-product doctrine and the attorney-client privilege are different." *Id.* at 49-50 [JA–1227-28]. Although acknowledging that the decision imposes a cost on the FTC's investigative power, it said that the "FTC is perfectly capable of analyzing the same litigation and settlement outcomes." *Id.* at 50 [JA–1228].

SUMMARY OF ARGUMENT

This Court should reverse the district court, which committed multiple, related legal errors by misapplying controlling Circuit precedent.

The court failed to analyze whether Persky acted as a lawyer or as a businessperson when she directed the creation of the disputed documents. Instead, it wrongly determined from the "context" of the documents that this Court's decision *In re Kellogg*, 756 F.3d 754, is "on all fours" with this case and therefore dictated the outcome. Not so. The rule announced in *Kellogg*—that communications qualify as privileged attorney-client communications if "a primary purpose" of the communication was legal advice—can only apply *after* the proponent of the privilege makes a "clear showing" that the communication was made to a lawyer acting in her legal capacity. In *Kellogg*, in-house lawyers were undisputedly acting as lawyers; the Court therefore did not address the central question presented here: whether a lawyer-executive acted in a business capacity and not as a lawyer. Persky, Boehringer's in-house lawyer, was also the lead negotiator for the business terms of the co-promotion agreement and settlement. As this Court previously observed, the financial analyses she asked for would have been requested by any competent negotiator. The mere fact that this negotiator happened also to be a lawyer does not make the documents privileged. Thus, reflexively applying *Kellogg* without examining Persky's precise role with respect to the documents in dispute was error.

As a result of its erroneous reliance on *Kellogg*, the district court wrongly failed to require that Boehringer make a clear showing that Persky sought or

received each of the disputed communications in her capacity as lawyer for purposes of providing legal advice, as the law of privilege requires. *See In re Sealed Case*, 737 F.2d 94, 99 (D.C. Cir. 1984). Because Persky acted as both lawyer and business executive, Boehringer's burden to prove which hat she wore was important and substantial. The company could not satisfy its burden with categorical claims or conclusory statements, but that is all that Boehringer offered. Its privilege log entries for the disputed documents now before the Court do not even claim that the communications involved legal advice. Such a paltry record does not show clearly and conclusively that the communications involved Persky in her capacity as a lawyer providing legal services.

Given this failure of proof, it is not enough to rely, as the district court did, solely on "context"—that Persky was involved in settling litigation. Businesspeople also serve that function, particularly when a purely business arrangement, like the co-promotion agreement, is part of the settlement. Judicial findings throughout this case, both in this Court and in the district court, show that Persky functioned at least some of the time as a typical business executive and that she requested many documents in that capacity and not in her role as a lawyer. The same findings also describe the content of the disputed communications, which plainly addressed business and financial matters.

The record of this case shows that the documents in dispute are not privileged. Yet they have been withheld from FTC investigators for 8 years and counting. Accordingly, the Court should definitively rule that, with respect to the disputed financial documents, Persky was not acting as a lawyer or providing legal advice and therefore the documents are not privileged. It should direct the district court to order Boehringer to produce the documents within 30 days of the Court's mandate, while also remanding the case so that the district court may oversee Boeheringer's production when Boehringer applies this Court's decision to the remaining withheld documents.

STANDARD OF REVIEW

In subpoena enforcement cases, this Court undertakes a *de novo* review of whether a district court applied the correct legal standard. *See Boehringer*, 778 F.3d at 148; *U.S. Int'l Trade Comm'n v. ASAT, Inc.*, 411 F.3d 245, 253 (D.C. Cir. 2005); *FTC v. Texaco, Inc.*, 555 F.2d 862, 876 n.29 (D.C. Cir. 1977) (*en banc*). Where the district court applies the wrong standard, its judgment receives no deference. *See In re Subpoena Served upon the Comptroller of the Currency & Sec'y of Bd. of Governors of Fed. Reserve Sys.*, 967 F.2d 630, 633 (D.C. Cir. 1992). "A district court necessarily abuses its discretion if it applies the incorrect legal standard." *Boehringer*, 778 F.3d at 148 (citations omitted). The Court reviews a district court's factual findings for clear error which it finds if, despite record

evidence, "on the entire record [the court] is left with the definite and firm conviction that a mistake has been committed." *Id.* (internal quotation marks and citation omitted).

ARGUMENT

A party asserting attorney-client privilege must make a "clear showing" that the communication it seeks to protect was made for the purpose of receiving legal advice from a lawyer acting as a lawyer. *In re Sealed Case*, 737 F.2d at 99. Before Boehringer could withhold financial analyses of possibly anticompetitive business deals, it therefore had to prove that the analyses were created for a primary purpose of seeking legal advice from its general counsel acting as a lawyer. That the general counsel directed their creation is not enough to meet that burden, especially in light of substantial evidence—and prior determinations of this Court—that she acted at times as a businessperson.

The district court thus committed a basic legal error when it ruled that *In re Kellogg*, 756 F.3d 754, controls this case. That decision did not address the central question here: whether a lawyer-executive acted in a business capacity and not as a lawyer. The district court had to resolve that question before it could determine whether the communications are privileged under *Kellogg*.

With respect to this central question, the court erred further by failing to demand that Boehringer make the requisite "clear showing" that Persky, as a

lawyer-executive, used the documents at issue in her functions as a lawyer advising on legal matters rather than a businessperson. In fact, prior findings by both this Court and the district court plainly demonstrate that, with respect to the documents at issue, she acted as a business negotiator.

The district court's approach has troubling implications for government investigation of corporate wrongdoing. It would allow companies under scrutiny to shield important, but non-privileged, factual information merely by assigning lawyers to perform business tasks. When in-house counsel serves in both legal and business capacities, a court considering claims of privilege must make a searching inquiry into the precise role at issue. The district court did not do so here, and its judgment should not stand.

I. *IN RE KELLOGG* DOES NOT CONTROL THIS CASE

The district court premised its ruling on the conclusion that "[t]his case is on all fours with *In re Kellogg*." Dkt. 101 at 47 [JA–1225]. It is not. *Kellogg* addressed whether privilege applies when in-house counsel acted in a legal capacity and the documents were used to provide legal advice. Here, the questions are whether Persky acted in a legal role at all when she directed creation of the disputed documents and whether those documents had a primary purpose that was legal. *Kellogg* does not address those questions, and the district court erred when it held that case to govern this one.

In *Kellogg*, the company in-house attorneys investigated allegations of government contracting fraud. A former employee filed a False Claims Act lawsuit and sought discovery of documents related to the internal investigation. The company claimed that the documents were protected by attorney-client privilege. The Court held the documents protected because the "investigation was conducted under the auspices of [the company's] in-house legal department, *acting in its legal capacity*." *Kellogg*, 756 F.3 at 757 (emphasis added). There was "no serious dispute that one of the significant purposes of [the company's] internal investigation was to obtain or provide legal advice." *Id.* at 760.

It is an entirely different circumstance when an in-house lawyer acts in a non-legal business role. A general counsel who also serves as a corporate vice president has "certain responsibilities outside the lawyer's sphere" and "[t]he [c]ompany can shelter [that counsel's] advice only upon a clear showing that [she] gave it in a professional legal capacity." *In re Sealed Case*, 737 F.2d at 99. Thus, "[w]here one consults an attorney not as a lawyer but as a friend or a *business advisor* or banker, or *negotiator*, … the consultation is not professional nor the statement privileged." *In re Lindsey*, 158 F.3d 1263, 1270 (D.C. Cir. 1998) (emphasis added). Because in *Kellogg* the company's in-house counsel were unquestionably acting in a legal capacity, the Court did not address either how the

privilege applies when lawyers act as businesspeople or how to distinguish between the two capacities.

The district court thus put the cart before the horse by applying *Kellogg* without first determining whether Boehringer had proven that Persky was acting as a lawyer when she asked for the disputed documents. Persky, Boehringer's senior vice president, general counsel, and corporate secretary, led negotiations of the business terms of the Aggrenox co-promotion agreement and patent litigation settlements. Dkt. 37, Ex. 4 at 70:2-12, 71:10-12 [JA–755-756]. As this Court noted, Persky engaged in "both legal and business activities," including "evaluating and negotiating the business terms of the settlement." *Boehringer*, 778 F.3d at 146. Persky testified that these kinds of "questions about whether the agreements made financial sense were a matter of business judgment, not legal counsel." *Id.* at 152. Indeed, this Court previously observed that many of the withheld documents related only to Persky's "general interest in the financials of the deal" and that one "would expect a competent negotiator to request financial analyses like those performed here." *Id.* Had these same analyses been requested by a non-lawyer negotiator, they would not be privileged. Given Persky's dual roles, controlling Circuit precedent required the district court to determine whether she made or received any of the communications in her capacity as a businessperson rather than her role as in-house counsel. It did not do so.

The "context" of the case—settlement of litigation—does not salvage the district court's approach. As explained in greater detail in Part II.B below, the court itself 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. The court concluded, for example, that "Boehringer's documents themselves give no indication that they were prepared for use in a discussion of antitrust liability," Dkt. 101 at 38 [JA–1216], and that "the documents do not reflect express requests for or provision of legal advice." Dkt. 101 at 47 [JA–1225]. This Court also determined that Persky acted as a businessperson and not as a lawyer with respect to many of the documents, in some cases merely "parroting the thoughts of the business managers." *Boehringer*, 778 F.3d at 153. On that record, and regardless of the context in which these documents were created, the district court needed to determine whether Boehringer had proven that Persky was acting as a lawyer, rather than a businessperson, when she requested each document.

The district court's categorical, "context"-based approach would dramatically expand the attorney-client privilege. Any time a company's general counsel negotiates the business terms of an agreement, all of the information requested by that counsel—including basic financial analyses like the ones at issue here—would be privileged. Yet, if a non-lawyer negotiated the business terms and

requested these exact same analyses, they would not be privileged, even if they were subsequently sent to in-house counsel for a legal opinion. *See Fisher v. United States*, 425 U.S. 391, 403-04 (1976) (attorney-client privilege does not protect a pre-existing document forwarded to a lawyer for legal advice); *Banks v. Office of Senate Sergeant-At-Arms and Doorkeeper*, 236 F.R.D. 16, 21 (D.D.C. 2006). There is no basis for differential treatment of the same business and financial analyses sought by a lawyer negotiating business terms.

The court misapplied *Kellogg* in two additional ways. First, it wrongly observed that the communications in this case more clearly involve legal purposes than those in *Kellogg* because "Boehringer's counsel ordered the creation of these factual analyses to assist in ongoing litigation" whereas *Kellogg* involved a pre-litigation investigation. Dkt. 101 at 48 [JA–1226]. This observation fails for two reasons. "[B]ecause Persky asked for the analyses" is precisely the kind of *ipse dixit* reasoning that this Court rejected when it disagreed with the proposition that "an attorney's mere request for a document was sufficient to warrant opinion work product protection." *Boehringer*, 778 F.3d at 152. In addition, by relying on whether or not litigation was pending, the court suggested that an attorney-client privilege claim has less strength when made outside of litigation. That is not correct; unlike work-product claims, the "privilege is not limited to

communications made in the context of litigation or even a specific dispute." *Coastal States Gas Corp. v. Dept. of Energy*, 617 F.2d 854, 862 (D.C. Cir. 1980).

Second, the district court opined that, like the plaintiff in *Kellogg*, the FTC could pursue the withheld facts on its own and "is perfectly capable of analyzing the same litigation and settlement outcomes Boehringer considered." Dkt. 101 at 50 [JA–1228]. This Court has already rejected that view, explaining that "although Boehringer asserts that the FTC possesses equivalent documents or could reproduce similar analyses on its own, none of these arguments [is] persuasive." *Boehringer*, 778 F.3d at 157-58. In fact, the Court credited the district court's earlier observation that "Boehringer's contemporaneous financial evaluations provide unique information about Boehringer's reasons for settling in the manner that it did." *Id.* at 158 (citations omitted).

II. BOEHRINGER DID NOT CLEARLY SHOW THAT THE DOCUMENTS WERE PRIVILEGED

Because the district court short-circuited the process by relying incorrectly on *Kellogg*, it did not conduct a proper privilege analysis. It failed to assess whether Boehringer had shown that the communications involving Persky were made in her capacity as a lawyer providing legal advice, and instead wrongly determined categorically that all communications sought by Persky were privileged because of their context. The court's categorical approach was legal error, and its judgment cannot be squared with judicial findings and record evidence showing

that many of the business and financial analyses contain only non-legal, factual information related to "counsel's general interest in the financials of the deal," *Boehringer*, 778 F.3d at 152. Communications that neither seek nor provide legal advice are not privileged simply because counsel asked for them, even if she may have provided legal advice on other issues during negotiations leading to the agreements.

A. Boehringer Did Not Clearly Show That Persky Acted as a Lawyer Providing Legal Advice

The attorney-client privilege protects "[c]onfidential disclosures by a client to an attorney made in order to obtain legal assistance … ." *Fisher*, 425 U.S. at 403. "[T]he privilege applies only if the person to whom the communication was made is 'a member of the bar of a court' who 'in connection with th[e] communication is acting as a lawyer' and the communication was made 'for the purpose of securing primarily either (i) an opinion on law or (ii) legal services or (iii) assistance in some legal proceeding.'" *In re Lindsey*, 158 F.3d at 1270 ((quoting *In re Sealed Case*, 737 F.2d at 98-99 (citation omitted)).[9] "[S]ince the privilege has the effect of withholding relevant information from the fact-finder, it applies only where necessary to achieve its purpose." *Fisher*, 425 U.S. at 403. It "must be strictly confined within the narrowest possible limits consistent with the

[9] The privilege also covers communications made with a non-attorney who is serving as an attorney's agent, so long as the other elements of the privilege are met. *See FTC v. TRW, Inc.*, 628 F.2d 207, 212 (D.C. Cir. 1980).

logic of its principle." *In re Lindsey*, 158 F.3d at 1272 (internal quotation marks and citations omitted).

Boehringer has the burden to demonstrate that the privilege applies. *FTC v. TRW, Inc.*, 628 F.2d 207, 212 (D.C. Cir. 1980). And that burden is even higher when it comes to communications involving an in-house counsel executive with "responsibilities outside the lawyer's sphere." *In re Sealed Case*, 737 F.2d at 99. In that circumstance, "[t]he Company can shelter [her] advice only upon a clear showing that [she] gave it in a professional legal capacity." *Id.*; *see also* 1 Paul R. Rice, *Attorney-Client Privilege in the United States*, § 7:30 at 1313 (2016) (hereinafter 1 Rice, "*Attorney-Client Privilege*") ("The presumption that the client sought legal advice may not operate in the context of in-house counsel particularly when the person holding that position also holds an executive position within the client company."). Because Persky served as both a corporate executive and in-house counsel, Boehringer needed to make a specific, "clear showing" that Persky sought or received each of the disputed communications in her capacity as a lawyer for purposes of providing legal advice—not as a business negotiator seeking to evaluate the financial implications of a business deal or settlement agreement. *In re Sealed Case*, 737 F.2d at 99.

To satisfy that requirement, Boehringer cannot assert blanket or categorical claims of privilege, but must "show that the privilege applies to each

communication for which it is asserted." *United States v. Legal Servs. for N.Y. City*, 249 F.3d 1077, 1082 (D.C. Cir. 2001) (citation omitted). It must prove each element "conclusively," *In re Lindsey*, 158 F.3d at 1270 (internal quotation marks and citation omitted), and provide "sufficient facts to state with reasonable certainty that the privilege applies," *TRW, Inc.*, 628 F.2d at 213. Because Boehringer has the burden to prove conclusively that all the elements of the privilege are met, ambiguities are construed against the company. *See Scholtisek v. Eldre Corp.*, 441 F. Supp. 2d 459, 462 (W.D.N.Y. 2006); *Koumoulis v. Indep. Fin. Mktg. Grp., Inc.*, 295 F.R.D. 28, 38 (E.D.N.Y. 2013), *objections overruled*, 29 F. Supp. 3d 142 (E.D.N.Y. 2014).

Boehringer did not come close to meeting its heavy burden. Instead, it provided conclusory statements that "its privilege assertions are appropriate because the communications at issue represent (1) its counsel requesting information for purposes of rendering legal advice or (2) its employees providing information to counsel for purposes of providing legal advice for the company."

Dkt. 101 at 41 [JA–1219] (citing Dkt. 37 at 30-31 [JA–649-50]).[10] In support, it only cited a letter it sent to the FTC (Dkt. 37, Ex. 3 at 8-10 [JA–732-34]) and its privilege log. Dkt. 37 at 30-31 [JA–649-50]. But the letter addressed none of the documents reviewed by the district court, *compare* Dkt. 37, Ex. 3 at 8-10 [JA–732-34] (Boehringer's identification of privilege entries addressed) to Dkt. 101 at 44-45 (court's listing of a different set of privilege entries reviewed). As such, it did not, as a matter of law, satisfy Boehringer's obligation to "show that the privilege applies to each communication for which it is asserted." *Legal Servs. for N.Y. City*, 249 F.3d at 1082 (citation omitted). Nor did the privilege log fill the gap.[11] Not a

[10]In its brief in the earlier appeal, Boehringer stated that Persky "requested the analyses to help in her legal analysis of possible settlement, including how to settle the lawsuit on commercially reasonable terms that could withstand antitrust scrutiny." *FTC v. Boehringer Ingelheim Pharms., Inc.*, No. 12-5393, Boehringer Final Br. 13 (Oct. 3, 2013). Its citations in support of the assertion, however, all confirm that Persky requested these analyses in her role as lead *business* negotiator seeking to assess acceptable financial terms for the settlement and co-promotion agreements. *Id.* (citing Dkt. 37, Ex. 4 at 113:11-116:1, 118:8-23, 127:2-15 [JA–772-76, 781]).

[11] Boehringer knew how to identify documents that sought legal advice, which it did in a number of the privilege log entries, such as No. 1542. *See, e.g.*, Dkt. 32 Ex. B Decl. Ex. 12 at 2 [JA–406]. The FTC does not challenge such entries. Dkt. 32, Ex. A [JA–219-220]. Tellingly and as seen in No. 1542, where a log entry indicates the purpose was legal advice, recipients included Boehringer's in-house patent litigation counsel. *See* Dkt. 37, Ex. 4 at 16:18-20:40 [JA–739-741] (identifying counsel). By contrast, entries for which Boehringer claims privilege but does not describe as involving legal advice do not include in-house patent counsel as recipients. *See* Dkt. 32, Ex. B Decl. Ex. 11 at 1034 [JA–390].

single entry on the log for the disputed documents states that the purpose of the communications was legal advice.[12]

Boehringer thus plainly did not satisfy its burden to make a "clear showing" that each disputed communication involved Persky in her capacity as a lawyer providing legal advice. *See TRW, Inc.*, 628 F.2d at 213; *Lindsey*, 158 F.3d at 1270; *Legal Servs. for N.Y. City*, 249 F.3d at 1082. The district court "fail[ed] to demand such a showing from Boehringer" and compounded the error by "conclud[ing] categorically that the contested documents were" privileged. *Boehringer*, 778 F.3d at 153. As a result (and as demonstrated below), the court erroneously allowed Boehringer to claim the privilege based solely on the context in which the communications were made.

[12] Boehringer's justifications for its privilege claims have been a moving target. Its February 2010 privilege log did not claim the attorney-client privilege for eight of the disputed documents now under review, specifically nos. 973, 1040, 1057, 1058, 1290, 1291, 1381, and 2331. (The appendix to this brief identifies the joint appendix locations for the log entries for these documents.) Boehringer's briefs before the district court in the initial proceedings later in 2010 also did not claim privilege for these documents or identify grounds specific to these documents for doing so. As the parties prepared the *in camera* sample for the district court's review in late 2011, however, Boehringer began making new attorney-client privilege claims for these documents. Dkt. 99-1 at 5 [JA–1253]. It offered two general reasons—documents prepared to inform attorneys about facts relevant to legal issues and documents incorporating legal advice or analysis—but made no effort to explain which reason applied to which document nor did it provide facts supporting the assertions. *Id.*

B. The "Context" of the Communications Does Not Show That the Documents Are Privileged

The district court acknowledged that these documents "do not reflect express requests for or provision of legal advice," Dkt. 101 at 47 [JA–1225], but it upheld the privilege for all of them based on the "context" in which they were created. Specifically, the court noted that "they were created during the Boehringer-Barr settlement talks in the context of their ongoing lawsuit." *Id.* The court therefore concluded *ipso facto* that, "[a]s such, 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." *Id.* But context alone does not suffice to show that, for each communication, Persky acted as lawyer to provide legal advice.

Instead, as this Court held in *In re Lindsey*, communications with lawyers who also serve other roles must be carefully examined to determine which "hat" the lawyer was wearing. 158 F.3d at 1270. In that case, the White House sought to claim the privilege on communications associated with White House Counsel Lindsey's advice on preventing ongoing litigation from interfering with other White House functions. *Id*. This Court ruled that application of the privilege turned on the specific role played by Lindsey—who was equivalent to a corporate in-house lawyer. The Court noted that "[a]ccording to the Restatement, 'consultation with one admitted to the bar but not in that other person's role as lawyer is not protected.'" *Id*. (quoting Restatement (Third) of the Law Governing Lawyers § 122

cmt. c). The Court continued: "'[W]here one consults an attorney not as a lawyer but as … a business advisor or banker, or negotiator … the consultation is not professional nor the statement privileged." *Id*. (quoting 1 McCormick on Evidence § 88, at 322-24 (4th ed. 1992)). Examining the White House's claims, the Court concluded that Lindsey's advice on "political, strategic, or policy issues, valuable as it may have been, would not be shielded from disclosure by the attorney-client privilege." *Id*.

Thus, to establish that advice is legal and that the communication is intended to seek that advice, Boehringer needed to have shown that it called upon Persky's professional skill and training to interpret and apply legal principles to the facts communicated. The Rice treatise approvingly cited in *Kellogg*, 756 F.3d at 758, states that "the legal standard requires that the lawyer's services involve interpretation and application of legal principles to specific facts in order to guide future conduct." 1 Rice, *Attorney-Client Privilege* § 7:10 at 1237. In other words, "[l]egal assistance requires the involvement of the 'judgment of a lawyer in his capacity as a lawyer.'" *Id*. at 1239-41 (citations omitted).

But the district court made no such finding that Persky acted as a lawyer and not a business executive with respect to any of the disputed documents at issue. This is a necessary determination for communications with in-house counsel who have dual roles. *In re Sealed Case*, 737 F.2d at 99. Referring specifically to Persky,

this Court has already stated that a company "may select an executive who is a lawyer to negotiate the terms of a settlement; this does not mean that the lawyer's thoughts relating to financial and business decisions are opinion work product when she is simply parroting the thoughts of the business managers." *Boehringer*, 778 F.3d at 153.[13] The Court noted that in this case questions about whether the agreements made financial sense were matters of "business judgment," as Persky herself admitted in sworn testimony. *Id.* at 152.

Both this Court and the district court have reviewed Boehringer's documents *in camera* in connection with Boehringer's work-product claims, and both have rendered conclusions strongly suggesting that Persky was not called upon to use her legal training, skills, and expertise to advise on legal matters.[14] To the contrary, this Court characterized her work as that of a "layman." *Boehringer*, 778 F.3d at 153. It noted that requested "financial analyses" were "often general and routine,"

[13] Consistent with the Court's understanding, even today Persky describes her role at Boehringer as having served as "a key member of the executive management team" and provided "strategic and business planning/development advice." https://www.linkedin.com/in/marlapersky/. She describes her legal work for the company as simply "managerial." *Id.*

[14] Although the attorney-client privilege and work-product doctrine serve different interests, *see United States v. Deloitte LLP*, 610 F.3d 129, 139-40 (D.C. Cir. 2010), both seek to provide a high degree of protection from disclosure to documents that call upon or reveal an attorney's exercise and expression of her legal training, skills, and expertise.

reflected a "general interest in the financials of the deal," and contained nothing of "legal significance." *Id.* at 152-53.

The district court similarly reviewed all of the disputed communications and concluded that Persky's participation in them did not disclose her legal analysis. Dkt. 101 at 34 [JA–1212]. Rather, her actions were only those of a "reasonable businessperson," *id.*, who functioned as a "data analyst for her client." *Id.* at 35 [JA–1213]. The court added that the documents' analyses of "possible factual scenarios affecting the Boehringer-Barr settlement and the co-promotion agreement" did not "sufficiently reflect [Persky's] mental impressions regarding which scenarios were legally feasible or desirable." *Id.* at 34 [JA–1212]. The business focus of these documents led the court to conclude that they "do not reflect Persky's impressions as a legal advisor." *Id.* at 35 [JA–1213]. Indeed, the court found that "Boehringer's documents themselves give no indication that they were prepared for use in a discussion of antitrust liability," Dkt. 101 at 38 [JA–

1216], despite the fact that Boehringer repeatedly asserted in its pleadings that Persky was advising on antitrust risks and compliance. Dkt. 90 at 9 [JA–1120].[15]

Boehringer itself described Persky's role as one that called for business, not legal, judgment. It explained that communications were made to her to help her determine whether settlement options would be "cost-prohibitive," Dkt. 90 at 9 [JA–1120], and to allow her to develop "economic parameters" related to settlement. In that capacity, she "asked the businesspeople at Boehringer to gather information regarding these economic parameters," *id.*, Dkt. 91-2 at 3, ¶ 5 [JA–1138], and she requested financial valuations of the co-promotion agreement in order to assess the "commercial feasibility" of the settlement." Dkt. 91-2 at 3-4 ¶¶ 5-6 [JA–1138-39].

On that record, the conclusion that Persky acted as a businessperson advising on business matters is consistent not only with this Court's decision in *Lindsey*, 158 F.3d at 1270, but with the analyses of other courts examining both the lawyer's role and the content of the communications claimed to be privileged. For

[15] Consistent with the district court's conclusion is the fact that Persky was the recipient of only nine of the twenty-nine disputed communications listed in the appendix to this brief. Boehringer made no effort to show that the many documents that were never sent to Persky (or other attorneys) were created to support a privileged communication. Even if Boehringer business people needed to communicate between themselves to prepare analyses needed for legal advice, Boehringer should have explained how those communications were tied to an actual request for, or provision of, legal advice. Boehringer never did so.

example, the district court here in D.C. considered the role of a lawyer-executive in *SEC v. Gulf & Western Industries, Inc.*, 518 F.Supp. 675 (D.D.C. 1981). In that case, the lawyer (actually, an outside general counsel) wore several corporate and executive hats, including corporate directory, secretary, and member of the pension advisory committee. *Id.* at 678. Given the lawyer's roles, the court refused to "assume[] that all of his discussions with corporate officials involved legal advice." *Id.* at 683. Instead, it examined the specific role the lawyer played and the content of each the communications for which the defendants claimed privilege. It found that defendants did not clearly show that any advice was given in the lawyer's legal capacity. *Id.* The court found that his concerns and views on a variety of legal issues were expressed in his role as corporate director, not company counsel. *Id.* It said that his advice regarding the purchase of certain securities was business. *Id.* Because the defendant did not show that the "advice was given in a professional legal relationship," the court denied the privilege claims. *Id.*

Similarly, in *MSF Holding, Ltd. v. Fiduciary Trust Co. International*, 2005 WL 3338510 (S.D.N.Y. Dec. 7, 2005), the court examined the emails of a senior vice-president and deputy general counsel whose company had to decide whether to honor a letter of credit "against the background of any legal obligation to do so." *Id.* at *1. It ruled that the communications were not privileged because the lawyer

"never alluded to a legal principle in the documents nor engaged in legal analysis," but rather "collected facts just as any business executive would do in determining whether to pay an obligation." *Id.*

The fact that the disputed communications arose in the context of ongoing litigation also does not convert them into privileged attorney-client communications. In *King Drug Co. of Florence, Inc. v. Cephalon, Inc.*, 2011 WL 2623306 (E.D. Pa. Jul. 5, 2011), the court had to determine whether the privilege applied to a communication from *outside* counsel handling her client's patent litigation. The communication involved possible launch dates for generic drugs (as did some of the communications at issue here). The court concluded that the communication was not privileged, stating that it "contains no legal advice and pertains entirely to financial concerns regarding generic launch dates and product orders." *Id.* at *7. It did not matter that the communication "juxtaposes speculation about launch dates with the expected progress of litigation." *Id.*

* * * * *

The FTC did not challenge the vast majority of Boehringer's privilege claims, some of which likely involved documents intended to assist Persky in providing legal advice. But given her dual roles as both lawyer and businessperson, as evidenced by multiple courts' findings, it is clear that not *all* documents created or sent at her request served that function. The mere fact that the disputed financial documents were created during litigation settlement talks does not suffice for the "clear showing" required by this Court to treat them as privileged communications. The actual content of the disputed documents and the specific circumstances of their creation show that they should not be considered privileged.

On the record before it, the Court should rule that Boehringer failed to prove its privilege claims in the disputed documents. It should direct the district court to order Boehringer to produce those documents found in the *in camera* sample to the FTC within 30 days of the Court's mandate in this case. It should also remand the case to the district court for any needed further proceedings as Boehringer applies this Court's ruling to the remaining documents.

CONCLUSION

The judgment of the district court should be reversed.

Respectfully submitted,

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APPENDIX:

PRIVILEGE LOG ENTRIES FOR DISPUTED DOCUMENTS SUBJECT TO REVIEW

No. 617, Dkt. 32, Ex. B Dec. Ex. 11 at 44 [JA–331]
No. 791, Dkt. 32, Ex. B Dec. Ex. 11 at 56 [JA–343]
No. 811, Dkt. 32, Ex. B Dec. Ex. 11 at 58 [JA–345]
No. 815, Dkt. 32, Ex. B Dec. Ex. 11 at 58 [JA–345]
No. 819, Dkt. 32, Ex. B Dec. Ex. 11 at 59 [JA–346]
No. 833, Dkt. 32, Ex. B Dec. Ex. 11 at 60 [JA–347]
No. 858, Dkt. 32, Ex. B Dec. Ex. 11 at 63 [JA–350]
No. 902, Dkt. 32, Ex. B Dec. Ex. 11 at 66 [JA–353]
No. 908, Dkt. 32, Ex. B Dec. Ex. 11 at 67 [JA–354]
No. 973, Dkt. 32, Ex. B Dec. Ex. 11 at 74 [JA–361]
No. 1008, Dkt. 32, Ex. B Dec. Ex. 11 at 76 [JA–363]
No. 1040, Dkt. 32, Ex. B Dec. Ex. 11 at 79 [JA–366]
No. 1058, Dkt. 32, Ex. B Dec. Ex. 11 at 80 [JA–367]
No. 1290, Dkt. 32, Ex. B Dec. Ex. 11 at 99 [JA–386]
No. 1291, Dkt. 32, Ex. B Dec. Ex. 11 at 99 [JA–386]
No. 1333, Dkt. 32, Ex. B Dec. Ex. 11 at 102 [JA–389]
No. 1341, Dkt. 32, Ex. B Dec. Ex. 11 at 103 [JA–390]
No. 1365, Dkt. 32, Ex. B Dec. Ex. 11 at 105 [JA–392]
No. 1381, Dkt. 32, Ex. B Dec. Ex. 11 at 106 [JA–393]
No. 2331, Dkt. 32, Ex. B Dec. Ex. 13 at 39 [JA–465]
No. 2364, Dkt. 32, Ex. B Dec. Ex. 13 at 41 [JA–467]
No. 2387, Dkt. 32, Ex. B Dec. Ex. 13 at 42 [JA–468]
No. 2550, Dkt. 32, Ex. B Dec. Ex. 13 at 52 [JA–478]
No. 2580, Dkt. 32, Ex. B Dec. Ex. 13 at 54 [JA–480]
No. 2918, Dkt. 32, Ex. B Dec. Ex. 15 at 1 [JA–508]
No. 2980, Dkt. 32, Ex. B Dec. Ex. 15 at 7 [JA–514]
No. 2984, Dkt. 32, Ex. B Dec. Ex. 15 at 7 [JA-514]
No. 3058, Dkt. 32, Ex. B Dec. Ex. 15 at 13 [JA–520]
No. 3328, Dkt. 32, Ex. B Dec. Ex. 15 at 34 [JA–541].

CERTIFICATE OF COMPLIANCE AND SERVICE

I certify that the foregoing brief complies with Federal Rule of Appellate Procedure 32(a)(7), in that it contains 9,941 words.

I further certify that copies of the foregoing brief were served upon the following counsel of record, via the Court's CM/ECF system, on the 21st day of August, 2017.

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