

UNITED STATES OF AMERICA
BEFORE FEDERAL TRADE COMMISSION



In the Matter of)
)

Schering-Plough Corporation,)
a corporation,)

Upsher-Smith Laboratories, Inc.,)
a corporation,)

and)
)

American Home Products Corporation,)
a corporation)
_____)

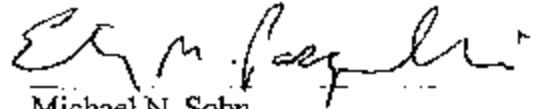
) Docket No. 9297

**MOTION FOR LEAVE TO FILE A REPLY TO COMPLAINT COUNSELS'
OPPOSITION TO AHP'S EMERGENCY MOTION TO STAY ORDER, FOR
CERTIFICATION FOR INTERLOCUTORY APPEAL AND APPLICATION
FOR FULL COMMISSION REVIEW**

American Home Products Corporation ("AHP") respectfully requests leave to file the attached Reply to complaint counsels' January 23, 2002 Opposition to AHP's Motion to Stay, including the portions of the opposition that can be characterized as responding to AHP's application for Commission review. AHP finds its necessary to file a Reply because complaint counsels' opposition misinterprets certain of AHP's arguments, misinterprets certain cases, and incorrectly suggests that AHP's reliance on certain cases is misplaced. AHP also replies to complaint counsels' improper attempt to reserve additional time to respond to AHP's Application for Certification and Commission Review. Pursuant to Commission Rule 3.23(b) and this Court's January 18, 2002 Order, complaint counsels' time for answering AHP's application for review has lapsed.

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Dated: January 25, 2002

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**AMERICAN HOME PRODUCTS CORPORATION'S REPLY TO COMPLAINT
COUNSELS' OPPOSITION TO AHP'S EMERGENCY MOTION TO STAY
ORDER, FOR CERTIFICATION FOR INTERLOCUTORY APPEAL AND
APPLICATION FOR FULL COMMISSION REVIEW**

American Home Products Corporation ("AHP") files this Reply in order to respond to certain arguments and erroneous assertions made by complaint counsel in their Opposition to AHP's Emergency Motion to Stay and their Answer to AHP's Application for Full Commission Review.¹

In their Opposition, complaint counsel agree with AHP that this Court should certify its January 15, 2002 Order denying AHP's Motion for Protective Order to the Commission and that the Commission should entertain this appeal. See Opp. at 12.

¹ AHP recognizes that Commission Rule 3.23 only authorizes the filing of an application for review and answer thereto and does not allow further briefing "unless otherwise ordered by the Commission." See Rule 3.23(b). It also recognizes that Rule 3.22(c) only allows for the filing of replies if permitted by the Administrative Law Judge. Accordingly, AHP has simultaneously filed a Motion for Leave, seeking leave from Administrative Law Judge Chappell and the Commission to file this additional brief in support of its Emergency Motion to Stay Order, for Certification for Interlocutory Appeal and Application for Full Commission Review.

Complaint counsel also agree that this Court should enter an order *granting in camera* treatment at trial to the nine privileged documents AHP inadvertently disclosed. See Opp. at 5 n.21. Complaint counsel, however, oppose AHP's request for an emergency stay of this Court's January 15th Order. In doing so, they contend incorrectly that AHP's request for a stay is inappropriate because a stay would alter, rather than preserve, the status quo and because AHP does not meet the requirements for the issuance of a stay. In response to AHP's application for Commission review, complaint counsel assert that AHP is not likely to succeed on the merits of its appeal. Lastly, notwithstanding that they filed a substantive response to AHP's application for Commission review, complaint counsel attempt improperly to reserve additional time to respond to AHP's application. For the reasons explained herein, complaint counsels' arguments and improper attempt to reserve additional time to file another response to AHP's application for review should be rejected.

I. AHP Has Demonstrated that a Stay Is Both Appropriate And Necessary: Complaint Counsels' Arguments To The Contrary Are Unavailing

As AHP explained in its Emergency Motion, this Court should grant a stay of its Order denying AHP's Motion for Protective Order because (1) there is a substantial likelihood AHP will prevail in showing that its inadvertent production did not result in waiver; (2) AHP would be irreparably injured if these privileged documents are used at trial; (3) complaint counsel and Respondents would not be prejudiced by the issuance of a stay; and (4) the public interest weighs in favor of granting a stay. See AHP's Emergency Mot. at 3-7. Although AHP will not rehash its arguments here, it does find it

necessary to respond to certain assailable arguments made by complaint counsel in their Opposition.

A. The Issuance of a Stay Would Preserve, and not Alter, the Status Quo

Complaint Counsel assert that a stay is inappropriate because the stay requested by AHP would “alter the status quo.” Opp. at 5. In arguing that a stay would alter the status quo, complaint counsel assert that “maintenance of the status quo requires that all parties be able to continue using” the privileged documents. *Id.* The faulty logic in this argument is easily exposed. Continued use of the privileged documents – which is precisely what is happening and what will continue to happen in the absence of a stay – alters, and does not maintain, the status quo. Maintenance of the status quo requires that there be no further use of the privileged documents. Complaint counsels’ arguments to the contrary should be rejected.

B. AHP Is Likely to Succeed on the Merits of Its Appeal, and Complaint Counsels’ Arguments to the Contrary Are Baseless

1. The Cases Cited by AHP Are on Point

Complaint counsel argue that AHP erroneously relied on certain case law to show that the Court erred in its waiver assessment. For example, complaint counsel contend that “AHP’s claim that application of the balancing test in this case constitutes legal error – on the basis of the decision in Advertising to Women, Inc. v. Gianni Versace, 1999 WL 608711 (N.D. Ill. Aug. 4, 1999) – is plainly wrong.” Opp. at 7. They argue that Gianni Versace is inapposite because the privilege holder there contended that the disclosed documents were not privileged. *Id.* This fact does not alter the applicability of the Gianni Versace holding to this case. The court in Gianni Versace held that even if the

produced documents were privileged, there would be no waiver because Versace “never intended to turn over privileged communications.” Gianni Versace, 1999 WL 608711 at *5. In other words, because Versace’s counsel did not believe that the documents were privileged at the time they were produced to Gianni Versace’s adversary, it would be wrong to conclude that there had been a waiver. Similarly, in this case AHP’s counsel did not know that the documents were privileged when they were produced to FTC staff. As in Gianni Versace, AHP had no intention of turning over privileged documents to the FTC.² Complaint counsel have not refuted – and cannot refute – this fact. Therefore, the Gianni Versace holding applies to this case. AHP attaches the Gianni Versace case hereto as Exhibit 1 for the Court’s reference.

Complaint counsel also attempt to discount the applicability of Zapata v. IBP, Inc., 175 F.R.D. 574 (D. Kan. 1997), by characterizing the case as a “classic” inadvertent disclosure case, where the disclosure was “purely accidental” and there was “no erroneous judgment about whether deliberately-produced material was privileged.” See Opp. at 8 n.34. AHP questions how complaint counsel can make this claim when the case does not provide sufficient facts to draw any such conclusion. Nevertheless, the holding in Zapata is directly analogous to the waiver issue here.

In Zapata, the defense attorney’s secretary sent an expert report containing attorney-handwritten notes to a defense expert, who, in turn, produced the privileged report to plaintiff’s counsel in response to a subpoena. Zapata, 175 F.R.D. at 575. The

² Complaint counsel assert that AHP is relying on “*dicta*” from Gianni Versace. See Opp. at 8. They are wrong. The court’s ruling in Gianni Versace that the disclosing party did not waive privilege through disclosure of documents it thought were not privileged – a ruling which AHP claims should compel a finding of non-waiver here – is not *dicta*; rather, it is one of the court’s holdings in the case.

plaintiff's counsel reviewed the report, including the handwritten attorney marginalia, and questioned the defense expert about it during his deposition. Id. The defense attorney who defended the deposition—who was not the same defense attorney who made the handwritten notations on the report—did not know that the notes were those of her co-counsel, and, therefore, did not object to the use of the report at the deposition. Id. Upon discovering that the privileged report had been produced, defense counsel immediately demanded the return of the document, claiming that the production of the report was “inadvertent and unintentional.” Id. The court in Zapata found that these facts did not result in waiver. Id. at 578.

As mentioned in AHP's Motion for Protective Order and Reply, these facts are analogous to the facts at issue here and compel a finding of non-waiver. See Mot. for Protective Order at 22 n.13; Reply at 25-26. AHP has difficulty understanding complaint counsels' unpersuasive attempt to distinguish this case from the facts at issue here. AHP attaches the Zapata case hereto as Exhibit 2 for the Court's reference.

2. AHP Will Likely Succeed in Showing that this Court Erred in Finding that AHP's Inadvertent Disclosures Resulted in Waiver

In their Opposition, complaint counsel contend that this Court correctly applied the five-factor balancing test. See Opp. at 7-9. AHP respectfully disagrees with this Court's application of the five-factor balancing test, and believes that it will likely succeed in showing that the Court erred in finding waiver for all of the reasons set forth in its emergency motion. See Emergency Mot. at 5-6; 17-20. In reply to complaint counsels' arguments in support of this Court's finding of waiver, AHP makes the

following additional points in support of its position that this Court erred in finding waiver.

First, this Court's finding of waiver in this case is at odds with this Court's precedent in Hoechst/Andrx. In its January 15th Order, this Court found that AHP's procedures for segregating privileged documents from production were inadequate, inter alia, because the attorney responsible for privilege designations did not review the entire production, but rather conducted a second review of the documents pulled as privileged. See Order at 4. However, this Court found in Hoechst/Andrx that the party's privilege review process—which consisted of legal assistants tabbing documents they believed to be privileged, with an attorney then reviewing those tabbed documents—was reasonable. See Respondent Aventis Pharmaceuticals, Inc.'s Memorandum in Opposition to Complaint Counsels' Motion Regarding Waiver of Privilege at 6-7, attached as Tab 4 to AHP's Reply; Order Denying Complaint Counsels' Motion Regarding Hoechst's Waiver of Attorney-Client Privilege and Motion To Compel Answers to Deposition Questions, attached as Tab 10 to AHP's Mot. for Protective Order. Thus, in Hoechst/Andrx, this Court did not find the producing party's procedures to be inadequate, even though they were less than those employed by AHP, and in fact, did not even include two levels of attorney review. This Court's imposition of additional requirements upon AHP is erroneous.³

³ This Court's reliance on F.C. Cycles Int'l Inc. v. Fila Sport, 184 F.R.D. 64, 76-78 (D.Md. 1998), and in re Brand Name Prescription Drug Antitrust Litig., No. 94 C 897, 1995 WL 683777, at *3 (N.D. Ill. Nov. 16, 1995), in finding AHP's procedures to be inadequate is also misplaced. In both cases, the courts found that the parties' production of privileged documents was intentional, rather than inadvertent. See F.C. Cycles, 184 F.R.D. at 73 (finding there to be "considerable evidence in the record . . . [that the] memorandum was not inadvertently disclosed"); Brand Name, 1995 WL 683777, at *3 (concluding that Merck had made a conscious decision to redact the privileged documents inconsistently, and noted that "Merck all but admit[ted] that its inconsistent disclosures were not "accidental"). Here, nothing in this Court's Order indicates that it found AHP's production of the nine privileged documents to be anything

Second, this Court erred in finding that AHP did not act promptly in rectifying the inadvertent disclosures. See Order at 5. This Court failed to recognize that the relevant time for corrective action begins when the producing party discovers the inadvertent disclosure. See Kansas City Power & Light Co. v. Pittsburgh Midway Coal Mining Co., 133 F.R.D. 171, 172 (D. Kan. 1989). Here, AHP discovered the inadvertent production in July 2001 and immediately demanded that complaint counsel return the documents. See Mot. for Protective Order at 10-11. While the Court faults AHP for not conducting an inquiry into the documents following their use in Dr. Dey's October 2000 deposition, it simply is not reasonable to conclude that AHP was on notice that its privileged documents had been inadvertently produced in October 2000. As mentioned in the briefing in support of AHP's Motion for Protective Order, there was no indication either before or during Dr. Dey's investigational hearing that the documents used during the deposition were privileged. Dr. Dey repeatedly acknowledged during his deposition that he did not remember the documents at issue, including the circumstances surrounding their creation. See Mot. for Protective Order at 22; Reply at 35-36. To hold that AHP was reasonably on notice of the inadvertent production under these circumstances constitutes error. See, e.g., Zapata, 175 F.R.D. at 577 (finding that time to rectify began when producing party discovered inadvertent disclosure, and not when the privileged document was used at a deposition). Moreover, the cases relied upon by this Court in finding that AHP did not act promptly are inapplicable; in those cases, the parties either

other than inadvertent. As described in detail in Mr. Shabeen's Declaration and Supplemental Declaration, the reviewing attorneys were given instructions on how to identify privileged documents—there is no indication in the record that the reviewing attorneys were given inconsistent standards on how to segregate privileged documents or that they purposefully failed to withhold privileged documents.

voluntarily produced the privileged documents or the court found that the party's disclosure was not inadvertent. See Order at 5.⁴

Third, this Court erred in finding that disclosure was "complete." See Order at 6. AHP has already pointed out that this Court failed to distinguish between the documents that were used as exhibits at Dr. Dey's investigational hearing and sent to Professor Bresnahan, and those that were not. See Emergency Mot. at 6. While AHP does not agree that the use of some of the privileged documents by complaint counsel constitutes complete disclosure, it cannot be refuted that certain of the privileged documents are not being used by complaint counsel and were not disclosed to complaint counsel's experts. Complaint counsel's attempt to ignore this important distinction between the privileged documents is unavailing. On balance, each of the factors supports a finding of non-waiver, and this Court erred in concluding otherwise.

C. AHP Will Be Irreparably Injured in the Absence of a Stay

On the issue of irreparable injury, complaint counsel argue that AHP cannot make a showing of irreparable injury because the disclosure is "complete" and because use of the documents at trial under an *in camera* order will mean that the public is denied access to the privileged documents. See Opp. at 6. Complaint counsel are wrong.

⁴ In Graco Children's Products, Inc. v. Dressler, 1995 U.S. Dist. LEXIS 8157, *19 (June 14, 1995), the court found that the parties had voluntarily produced the privileged material. In Transonic Sys., Inc. v. Non-Invasivemedical Tech., 192 F.R.D. 710, 715 (D. Utah 2000), the court found that the party's disclosure was not "inadvertent" because "when the subject document was produced, its content was known and it was produced with Transonic's counsel being aware of what it was and what it related to." Here, it is undisputed that when AHP and its counsel produced these nine privileged documents in February and March of 2000, it did not know they were privileged. It is also uncontested that during Dr. Dey's investigational hearing and through July 2001, AHP and its counsel remained unaware that these documents produced in the investigation were privileged.

First, disclosure is not "complete," as pointed out above. To date, the documents have been provided to only complaint counsel and to Respondents, and not to any other third parties. Thus, disclosure of the documents and information contained in them has been limited to this point.

Second, to date, the Court has granted provisional *in camera* status to the documents for a period of only twenty days. In the absence of an indefinite *in camera* order applying to these documents, irreparable injury clearly is present, and a stay is required. Anything less than indefinite *in camera* treatment will mean that AHP's privileged documents will be subject to public disclosure at some point in the future, which clearly would harm AHP.

Moreover, from AHP's perspective, there has been no waiver and, therefore, the privileged documents should not be used at the administrative hearing – whether under an *in camera* order or not. When used at the administrative hearing, the privileged documents become part of a public record to which others may seek access, thereby subjecting AHP's privileged documents to further disclosure, even in the event of *in camera* treatment at the hearing. AHP should not be subjected to that risk of disclosure, which constitutes irreparable harm.

II. Pursuant to Commission Rule 3.23(b), Complaint Counsel Are Not Entitled To File Any Further Response To AHP's Application for Certification and Commission Review

Complaint counsel do not oppose either AHP's request for certification or its request for Commission review. Sec Opp. at 12. Contrary to Commission Rule 3.23(b), however, complaint counsel state that "if the decision is certified, . . . complaint counsel

will file an answer explaining why the Administrative Law Judge's Order at issue should be affirmed by the Commission." Id.

Commission Rule 3.23(b) explicitly states that an "[a]nswer thereto may be filed within five (5) days after service of the application for review." 16 C.F.R. § 3.23(b) (emphasis added). AHP filed its motion for certification and application for Commission review of this Court's January 15th Order on January 16, 2002. According to Rule 3.23(b), complaint counsel, therefore, had until January 24, 2002 to file an answer. AHP, therefore, objects to any unilateral attempt to make additional answers or other filings in response to AHP's Application for Review.

CONCLUSION

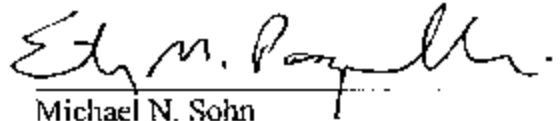
For all of these reasons, AHP requests that:

1. This Court or Commission grant AHP's Emergency Motion to Stay the Court's January 15th Order; and
2. This Court certify its January 15th Order to the Commission for Review.

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Dated: January 25, 2002

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Docket No. 9297

CERTIFICATE OF SERVICE

I, Emily M. Pasquinelli, hereby certify that on January 25, 2002, I caused a true and correct copy of *American Home Products Corporation's Reply to Complaint Counsels' Opposition to AHP's Emergency Motion To Stay Order, For Certification for Interlocutory Appeal and Application for Full Commission Review* to be served upon the following as follows:

Two paper copies by hand delivery to:

Hon. D. Michael Chappell
Administrative Law Judge
Federal Trade Commission
Room 104
600 Pennsylvania Ave., N.W.
Washington, D.C. 20580 (2 copies)

The paper original and one paper copy by hand delivery and one electronic copy to:

Office of the Secretary
Federal Trade Commission
Room H-159
600 Pennsylvania Ave., N.W.
Washington, D.C. 20580 (original and 1 copy)


One paper copy by delivery to:

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Only the Westlaw citation is currently available.

United States District Court, N.D. Illinois.

ADVERTISING TO WOMEN, INC. and
LOLIERE, INC., Plaintiffs,

v.

GIANNI VERSACE S.p.A.; Saks Fifth Avenue; and
Versace Profumi U.S.A. Ltd.;
Defendants.

No. 98 C 1553.

Aug. 4, 1999.

MEMORANDUM OPINION AND ORDER

SCHENKIER, Magistrate J.

*1 This case comes before the Court on Plaintiffs' motion to compel production of documents and testimony relating to advice-of-counsel on the trademark in suit, which is before this Court pursuant to a referral order dated June 17, 1999 for ruling on all discovery motions. For the reasons stated below, the motion to compel is denied.

BACKGROUND

Plaintiffs Advertising to Women, Inc. and Lolier, Inc. (collectively, "ATW") initiated this action in March 1998, alleging that Defendants Gianni Versace S.p.A. and Versace Profumi U.S.A. Ltd. (collectively, "Versace") willfully infringed upon ATW's federally registered *cau de* BLONDE trademark for perfume, in violation of the Lanham Act, 15 U.S.C. § 1051 *et seq.* On July 22, 1997, Versace answered, denying any infringement and asserting various affirmative defenses, including laches and estoppel. Thereafter, in December 1998, ATW served its first request for the production of documents (Pl. Mem., Ex. A.). In that request, ATW asked for documents concerning "opinions of counsel rendered regarding [Versace's Blonde trademarks]" (*Id.*, Request No. 33). In February 1999, Versace responded with an assertion of the attorney-client privilege and work product doctrine, and did not indicate it would produce any documents (Def. Mem., Romer Aff., Ex. B, Response to Request No. 33). At the time of that response, plaintiffs did not challenge the invocation of those privileges as having been waived by the assertion of the estoppel and laches defenses.

Thereafter, Versace produced additional documents in connection with the deposition of Luciano Abbati on

May 6-7, 1999. Those documents include two cover letters from the Italian trademark firm of Notarbartolo & Gervasi, which enclosed computerized search results on the availability of the mark BLONDE in Italy (Def. Mem., Romer Aff., Ex. C). Those cover letters and attached searches are in the Italian language, and neither side has offered the Court a verbatim translation of those documents.

The issue now before the Court appears to have come to a head in June 1999, when ATW served deposition notices for three attorneys who represented Versace in connection with the Versace BLONDE mark: Ricardo Gori-Montanelli, Lawrence Abelman, and Jonathan Tillem. ATW again requested that Versace produce documents relating to advice of counsel, but Versace's counsel asserted that Versace did not intend to produce such documents since it was not relying on advice of counsel as a defense to the claim of willful infringement (Pl. Mem. at 4). Versace further asserted that Gori-Montanelli, Abelman and Tillem would not answer any questions in their depositions relating to advice-of-counsel rendered in connection with the trademark in suit (*Id.*).

The parties agree that Versace is not relying on advice of counsel as a defense to plaintiffs' claim of willful infringement. However, plaintiffs assert that Versace nonetheless has waived its privilege on advice of counsel regarding the trademark in suit for two reasons: *first*, plaintiffs assert that Versace waived the privilege by voluntarily producing in May 1999 the two Italian-language cover letters that transmitted trademark searches (plaintiffs do not claim that the production of the searches themselves constitutes a waiver); and *second*, plaintiffs claim that the assertion of the estoppel and laches defenses necessarily placed in issue the advice of counsel regarding the trademark in suit, and thus waived the privilege. Based on this alleged waiver, plaintiffs seek to compel production of certain documents from Versace's privilege log (Pl. Mem. Ex. F, Doc. Nos. 3, 9, 11, 12, 14-17, 21-25, 27-33, 37-43, 47, 49, 51-56, and 60-69); an *in camera* review of the other 26 documents on that log to determine if they pertain to advice of counsel regarding the trademark and thus must be produced; and an order barring Versace from asserting attorney-client privilege to bar Messrs. Abelman, Tillem and Gori-Montanelli from testifying about advice of counsel or opinions sought or received regarding the trademark in suit.

*2 Versace, not surprisingly, disagrees. At the threshold, Versace claims that this motion comes too late in the discovery process to be heard at all (in short,

that plaintiffs have waived the waiver argument). Versace also claims that the motion is substantively without merit: *first*, that no privileged material was produced and, that if it was, the production was inadvertent, and *second*, that the assertion of a laches defense is not enough to waive the privilege. [FN1]

FN1. Subsequent to the filing of this motion, by an Order dated July 14, 1999 (doc. # 95-1), the presiding district judge granted the Versace defendants' motion to withdraw their estoppel defense. Accordingly, this opinion will only address the issue of whether there is a waiver based on assertion of laches, and not on estoppel.

After careful review of the arguments and cases submitted by the parties, the Court concludes that: (1) Versace has not waived an attorney-client privilege with respect to any documents regarding the trademark in suit by voluntarily producing the two cover letters; and (2) plaintiffs' assertion of waiver based on laches comes too late and, in any event that, Versace's assertion of the laches defense does not waive the privilege. The reasons for these conclusions are set forth below.

I.

ATW contends that Versace waived the attorney-client privilege by voluntarily producing the two cover letters, which ATW claims are privileged documents (Pl. Mem. at 6). ATW argues that the documents produced are privileged because the foreign agents who wrote the letters acted as attorneys and provided substantive legal advice (*Id.* at 7). For its part, Versace insists that the agents were not acting as attorneys giving legal advice, but merely passing along results from an Italian trademark search (Def. Mem. at 10-11). [FN2]

FN2. Versace asserts that ATW delayed in its objection to Versace's assertion of privilege, and that considerations of fairness dictate that this Court should deny ATW's motion (Def. Mem. at 6). As to the prong of the motion based on production of the cover letters, this argument lacks merit. Those documents were not produced until May 6-7, 1999, at the Abbati deposition (Pl. Mem. at 3). ATW filed its motion less than two months after the production of the documents that form the basis of this part of their argument; thus, the motion was timely.

The Court follows a three-step analysis in addressing

claims for waiver based on production of privileged documents: (1) determine if the document is indeed privileged; (2) if the document is privileged, then determine if the document was inadvertently produced; and (3) if the document is found to be privileged and inadvertently produced, then determine whether the privilege was waived. See *Tokar v. City of Chicago*, No. 96 C 5311, 1999 WL 138814, at *1 (N.D.Ill. Mar. 5, 1999). We address each of the steps of this analysis in turn.

A.

The Seventh Circuit defines the attorney-client privilege as "(1) where legal advice of any kind is sought (2) from a professional legal adviser in his capacity as such, (3) the communications relating to that purpose (4) made in confidence (5) by the client, (6) are ... permanently protected (7) from disclosure by himself or by the legal adviser, (8) except the protection be waived." *United States v. Evans*, 113 F.3d 1457, 1461 (7th Cir.1997). The definition of attorney client privilege in this Circuit, however, does not control resolution of this motion. As a matter of comity, this Court will recognize Italian law of attorney-client privilege, provided the law does not conflict with the laws of this jurisdiction. See *Burroughs Wellcome Co. v. Barr Labs., Inc.*, 143 F.R.D. 611, 616-17 (E.D.N.C.1992). Thus, the Court must look to Italian law to determine if the cover letters are privileged, because the drafters of these letters are Italian patent agents and/or attorneys and the communications in these letters are, according to both parties, related to Italian trademark activities. See *Bristol-Myers Squibb Co. v. Rhone-Poulenc Rorer, Inc.*, No. 95 CIV. 8833(RFP), 1998 WL 158958, at *3 (S.D.N.Y. Apr. 2, 1998); *Baxter Travenol Labs., Inc. v. Abbott Labs.*, No. 84 C 5103, 1987 WL 12919 at *8 (N.D. Ill. June 19, 1987).

*3 Since it is ATW that asserts that the cover letters are privileged, in order to argue that there has been a waiver of that privilege by the voluntary production of those two documents, it is ATW that bears the burden of proving that the letters are privileged. See *Diversey U.S. Holdings v. Sara Lee Corp.*, No. 91 C 6234, 1994 WL 71462, at *1 (N.D.Ill. Mar. 3, 1994). Therefore, ATW is responsible for providing the Court with the Italian law on privilege and a translation of the cover letters so that the Court can make the relevant determinations. As discussed below, ATW has failed to provide the Court with such proof, and its motion to compel must be denied.

The general rule is that the determination whether a communication between a foreign patent agent and a client is privileged depends upon whether under the foreign law: (1) certain communications between a foreign patent agent and a client can be privileged, and (2) whether the information conveyed in a particular communication at issue in fact falls within that privilege. *Baxter*, 1987 WL 12919, at *8. Under this rule, the Court must look to foreign law to determine whether a communication between a client and a foreign patent agent, engaged in the lawyering process, is privileged under that law. *Id.* It is true that in *Burroughs*, the court confronted the issue of Italian attorney-client privilege and found that "under Italian law, attorney-client privilege attaches to a [trademark] attorney's communications to and from a client." 143 F.R.D. at 623. However, *Burroughs* does not answer the question whether the privilege attaches to communications between an Italian patent agent and a client, and there is a dispute here as to whether the drafters of the letters were acting as attorneys or patent agents. Although ATW cites *Baxter*, which points out that the existence of privileged communications between foreign agents and clients depends on the law of the foreign country, 1987 WL 12919, at *8, ATW inexplicably fails to provide this Court with the requisite proof of whether communications with trademark agents may be privileged under Italian law.

In their opening memorandum, Plaintiffs refer to the authors of the two cover letters (Ms. Cristina Cazzetta and Ms. Emma Casagrande), who are with the Italian firm of Notarbartolo and Gervasi, as "Italian trademark agents" (Pl. Mem. 7, emphasis added)—which is not the same thing as attorneys. In their reply, plaintiffs provide more specifics about their backgrounds (Pl. Reply Mem., Rao Dec., ¶¶ 3-7). Ms. Casagrande does not appear to be a lawyer by training, and is not mentioned in the Martindale-Hubbell listing for the Gervasi firm. As for Ms. Cazzetta, she is a lawyer by training who is authorized to practice in the Italian trademark office. But she is not admitted to any Italian bar as an attorney, and is not listed in that capacity in Martindale-Hubbell (*Id.*, Ex. A).

On the other hand, plaintiffs' reply cites the deposition testimony in which Versace's in-house counsel, Ms. Rossi, referred to Ms. Cazzetta as a "lawyer" (Pl. Reply Mem., Rao Dec., Ex. D, Rossi Tr. 92-93). Moreover, plaintiffs note that Versace has asserted privilege for documents written or received by Ms. Rossi (Pl. Reply Mem. 3), even though—like Ms. Cazzetta—Ms. Rossi is a law school graduate, but is not admitted to the bar in Italy (Pl. Reply Mem., Rao Dec.,

Ex. D, Rossi Tr. 3). Although virtually all of those documents are between Ms. Rossi and a licensed attorney, one—(Pl. Mem., Ex. F, Doc. No. 61)—is between Ms. Rossi and Ms. Cazzetta. Another (Pl. Mem., Ex. F, Doc. No. 62) is between Ms. Cazzetta and Doninico Pappalettera, who is not identified as a lawyer.

*4 On the face of it, all of this might suggest that Versace treated Ms. Cazzetta (but not Ms. Casagrande) as an attorney, and that she possibly acted as such. The Court cannot be sure of this, however; it is possible that the two documents in the log mentioned above (Pl. Mem., Ex. F, Doc. Nos. 61, 62) reflected advice from a licensed attorney that was being passed on to or by Ms. Cazzetta. Moreover, despite offering evidence that Ms. Cazzetta may have functioned as an attorney generally, plaintiffs have offered no evidence that she did so with respect to the particular letter in issue. Nor have they offered evidence to rebut the declaration offered by Versace that neither Ms. Cazzetta nor Ms. Casagrande dispensed legal advice, but acted strictly as trademark agents with respect to the letters (Def.'s Mem., Cannatella Aff. ¶¶ 5-6). Indeed, plaintiffs have failed even to provide the Court with an English translation of the two letters, which are written in Italian.

If a foreign agent is merely transmitting non-confidential information to a client, the communication is not privileged. See *Baxter*, 1987 WL 12919, at *8 (citing *Mendenhall v. Barber-Greene*, 531 F.Supp. 948, 953 (N.D.Ill.1982)). The analysis shifts, however, if the foreign agent is providing substantive legal advice. Where a foreign agent "...is engaged in the substantive lawyering process and communicates with his client, the communication is privileged to the same extent as a communication between an American attorney and his client." *Heidelberg Harris, Inc. v. Mitsubishi Heavy Indus., Ltd.*, No. 95 C 0673, 1996 WL 732522, at *10 (N.D.Ill., Dec. 18, 1996). Plaintiffs' failure to provide translation of the letters and other evidence to rebut that Cannatella affidavit makes it impossible to verify plaintiffs' assertion that the letters contain privileged information. Without such information, the Court cannot determine whether the subject matter of the cover letters falls within the attorney-client privilege, either as applied under Italian law or in this forum. The failure of proof here must rest with the plaintiffs, who bear the burden of establishing waiver (and with it, the necessary prerequisite that the documents in question were privileged). *Sara Lee*, 1994 WL 71462, at *1. ATW's motion to compel must therefore be denied. [FN3]

FN3. There is uncontroverted testimony that the recipient of the cover letters, Ms. Barbeffa of Giver Profumi S.p.A. ("Giver"), "is not a defendant in this action, but a 75%-owned subsidiary of Gianni Versace S.p.A." and that the two cover letters were searches performed for Giver, not Versace (Carnatella Aff. ¶ 4). If so, then the communication was not with Versace defendants, and only a defendant can waive its own privilege. See *Southwire v. Essex Group, Inc.*, 570 F.Supp. 643, 645 (N.D.Ill.1983) ("only the party that holds the attorney-client privilege may waive it"). Plaintiffs have failed to rebut this assertion, which provides further reason for rejecting the waiver argument.

B.

Even if ATW were to offer the Italian law on privilege and a translation of the cover letters, and if this evidence showed that the letters were privileged, this Court still would not grant the motion because this Court finds that the cover letters were "inadvertently" produced. Versace asserts that if the documents are indeed privileged, then they were produced inadvertently (Def. Mem. at 11). In determining inadvertence, there is no bright-line rule; instead, the Court must look to the "circumstances surrounding the disclosure." *Harmony Gold U.S.A., Inc. v. FASA Corp.*, 169 F.R.D. 113, 116 (N.D.Ill.1996).

*5 ATW asserts that Versace is unable to prove inadvertence, based on a balancing test consisting of five factors: "1) the reasonableness of the precautions taken to prevent the disclosure; 2) the time taken to rectify the error; 3) the scope of the discovery; 4) the extent of the disclosure; and 5) the overriding issue of fairness." *Sanner v. Board of Trade*, 181 F.R.D. 374, 379 (N.D.Ill.1998). However, this particular mode of analysis does not fit well here, because the facts of this case do not fall within a traditional "inadvertent production" analysis. Inadvertent production most typically arises in a situation where a party is producing large quantities of documents in a compressed time frame, and a privileged document is unwittingly produced. Here, Versace admits that the cover letters were intentionally (not inadvertently) produced. But Versace claims that the cover letters were produced intentionally because Versace believed they were not privileged, and that Versace had no intention of knowingly producing privileged documents (Def. Mem. at 11).

Under these circumstances, it seems only fair to conclude that if privileged, the cover letters were "inadvertently" produced because Versace never

intended to turn over privileged communications. Fairness is an "overriding issue" in the inadvertent production analysis. *Sanner*, 181 F.R.D. at 379. The information before the Court does not indicate that Versace lacked a good-faith basis to believe that the cover letters were not privileged. In these circumstances, fairness would be ill-served by applying waiver simply because a court later found that Versace erred in its assessment. Accordingly, even if the documents were found to be privileged, the Court would not find waiver based on their production because, given the "circumstances surrounding the disclosure," the production was inadvertent.

II.

Versace raises the defense of laches to ATW's infringement claim (Def. Mem. at 1). ATW contends that raising the defense of laches waives any claim of attorney-client privilege with respect to documents produced in this case (Pl. Mem. at 5-6; Pl. Reply Mem. at 5). Versace insists that there is no reliance element to laches, and thus, the assertion of laches does not waive the privilege (Def. Mem. at 8).

The affirmative defense of laches consists of "(1) an unreasonable and unexcused delay plus (2) prejudice to the defendant." *A.C. Aukerman Co. v. Miller Formless, Co.*, 693 F.2d 697, 701 (7th Cir.1982); see also *Hot Wax, Inc. v. Turile Wax, Inc.*, 27 F.Supp.2d 1043, 1048 (N.D.Ill.1998). Estoppel combines the two elements of laches with two additional, critical elements: "(3) affirmative conduct by the [plaintiff] inducing the belief that it had abandoned its claims against the alleged infringer, and (4) detrimental reliance by the infringer." *Aukerman*, 693 F.2d at 701. Thus, while estoppel requires proof of detrimental reliance by the defendant, laches does not. See *Densply Int'l, Inc. v. Sybron Corp.*, No. 84 C 3822, 1986 WL 5757, at *3 (N.D.Ill. May 12, 1996).

*6 The Court believes that this distinction between the requisite elements of estoppel and laches undermines plaintiffs' argument that the assertion of laches waives the privilege. The defense of laches looks to whether a defendant suffered harm by reason of a plaintiff's delay in bringing suit, and the reasons why plaintiff delayed. The advice of counsel received by a defendant does not pertain to either issue, as laches does not require an inquiry into defendant's state of mind. Thus, the mere assertion of a laches defense, without more, does not result in a waiver of the attorney-client privilege.

None of the cases cited by plaintiffs applies a waiver

solely as a result of the assertion of a laches defense. Indeed, in *Pittway Corp. v. Maple Chase Co.*, No. 91 C 3582, 1992 WL 392584, at *6 (N.D.Ill. Dec. 16, 1992), the court stated that even raising the defense of estoppel based on detrimental reliance, without specifically putting reliance on advice of counsel into issue, was insufficient to waive privilege. Instead, it was estoppel coupled with reliance on the opinions of counsel that waived the privilege in that case. *Id.* That is also true of other key cases upon which plaintiffs rely. *Videojet Systems Int'l v. Inkjet, Inc.*, No. 95 C 7016, 1997 WJ. 138008 at *4 (N.D.Ill. Mar. 19, 1997); *McLaughlin v. Lunde Truck Sales, Inc.*, 714 F.Supp. 916, 919-20 (N.D.Ill.1989); *Southwire Co. v. Essex Group, Inc.*, 570 F.Supp. 643, 650 (N.D.Ill.1983). Those cases provide no support for asserting waiver based merely on the assertion of a laches defense.

ATW argues that it cannot assess the strength of the laches defense without reviewing opinions of counsel relied upon by Versace (Pl. Mem. at 6). In other words, plaintiffs claim they should be entitled to offer evidence that Versace did not, in fact, rely upon plaintiffs' delay in bringing this lawsuit as a basis for going forward with its allegedly infringing trademark. Plaintiffs claim such evidence may be found in the advice of counsel and so claims that it must have access to otherwise privileged documents. However, Versace no longer asserts an estoppel defense, and proof of reliance by Versace is not an element of laches. Moreover, ATW's argument sweeps far too broadly, as it is tantamount to asserting that a defendant is invariably put to the Hobson's choice of waiving the privilege or forgoing the laches defense. While that may be a defendant's unpalatable choice when putting in issue advice of counsel expressly (by asserting it as a defense to willfulness), to force that choice upon a defendant who merely asserts laches would run contrary to the principle that a waiver of the attorney-client privilege will not be lightly implied.

Finally, there also is merit to Versace's argument that the motion comes too late insofar as it is based on laches. Unlike the situation concerning the waiver claim based on documents first produced in May 1999, plaintiffs knew about the assertion of the laches defense for some 11 months prior to filing this motion.

They knew that Versace asserted privilege at least as of February 1999 to the documents containing legal advice regarding the trademarks in suit. Yet, plaintiffs have offered no reason for their delay in asserting a waiver based on laches until just two weeks before the July 8, 1999 cutoff date for non-expert fact discovery.

*7 In these circumstances, the Court agrees that the motion based on laches appears to be "too little and too late." *Densply*, 1986 WL 5757, at *4 (denied motion to compel where the motion was filed only three weeks before the discovery cutoff, and the plaintiff had been aware of the affirmative defense that allegedly waived the privilege for nearly 17 months). In sum, the Court finds that plaintiffs' assertion of waiver based on the laches defense is procedurally barred because it is untimely, and in any event that Versace's assertion of laches does not waive privilege. [FN4]

FN4. As a result of the Court's finding that there has been no waiver, the Court need not address Versace's assertion that certain documents in issue should not be produced because they are protected work product (Def. Mem. at 7). Moreover, as a result of the Court's ruling today, plaintiffs' request to bar defendants from asserting attorney-client privilege deny the depositions of Messrs. Abelman, Tilleen and Gori-Montanelli (Pl. Mem. at 2) is moot. However, because Versace has questioned the authority of the Court to enter such an order (Def. Mem. at 5-6), we pause to observe that Versace's position is without merit. The issue presented was not whether to enforce the subpoenas for deposition, but rather whether to require or prohibit conduct during these depositions by the Versace defendants, who are parties before this Court. The Court wishes there to be no misunderstanding on this point: it plainly possesses full authority to control the conduct of all parties (plaintiffs and defendants) in discovery pursued in this case.

CONCLUSION

For the foregoing reasons, plaintiffs' motion to compel (doc. # 77-1) is denied.

END OF DOCUMENT

Exhibit 2

United States District Court,
D. Kansas.

Saul ZAPATA, et al., Plaintiffs,
v.
IBP, INC., Defendant.

Civil Action Nos. 93-2366-EEO, 96-2242-EEO.

July 15, 1997.

Corporate defendant moved for protective order concerning expert witness report of plaintiffs' expert, which contained handwritten notes of defendant's attorneys. The District Court, Earl E. O'Connor, J., held that inadvertent disclosure of witness report did not amount to waiver of work product protection.

Motion granted.

West Headnotes

[1] Federal Civil Procedure Ⓒ1600(3)
170Ak1600(3)

[1] Witnesses Ⓒ198(1)
410k198(1)

Mental impressions prepared or formed by attorney in course of legal duties for own use in prosecuting client's case and contained in files fall outside scope of attorney-client privilege, and hence are not protected from discovery on that basis; nevertheless, they are protected as "work product" of attorney.

[2] Federal Civil Procedure Ⓒ1600(3)
170Ak1600(3)

Party asserting work product doctrine must show that material is document or tangible thing, that material was prepared in anticipation of litigation, and that material was prepared by or for party or by or for party's representative.

[3] Federal Civil Procedure Ⓒ1600(3)
170Ak1600(3)

Expert witness report of plaintiffs' expert, which contained handwritten notes of defendant's attorneys, fell within scope of work product doctrine; notations contained attorneys' mental impressions, conclusions, opinions, or legal theories, made with eye toward litigation.

[4] Witnesses Ⓒ219(3)
410k219(3)

To determine if inadvertent disclosure of documents effects waiver of attorney-client privilege, court considers reasonableness of precautions taken to prevent inadvertent disclosure, time taken to rectify error, scope of discovery, extent of disclosure, and overriding issues of fairness.

[5] Federal Civil Procedure Ⓒ1600(5)
170Ak1600(5)

To determine if inadvertent disclosure of documents results in waiver of work product protection, court considers reasonableness of precautions taken to prevent inadvertent disclosure, time taken to rectify error, scope of discovery, extent of disclosure, and overriding issues of fairness.

[6] Federal Civil Procedure Ⓒ1600(5)
170Ak1600(5)

Relevant time for rectifying any error in disclosure of document begins when party claiming work product protection with respect to document discovered or with reasonable diligence should have discovered inadvertent disclosure.

[7] Federal Civil Procedure Ⓒ1600(5)
170Ak1600(5)

Intensive review of inadvertently disclosed documents does not constitute "extensive disclosure," for purposes of determining whether disclosure waived work product protection.

[8] Federal Civil Procedure Ⓒ1600(5)
170Ak1600(5)

Defendant's inadvertent disclosure of expert witness report of plaintiffs' expert, which contained handwritten notes of defendant's attorneys, did not amount to waiver of work product protection; report was only document which was inadvertently produced to plaintiffs' counsel during three and one-half years of litigation, defendant produced over 40,000 documents, defendant's counsel contacted plaintiffs' counsel on day that inadvertent disclosure was discovered and attempted to rectify error by requesting report's return, plaintiffs' use of report was minimal, and fairness weighed in defendant's favor.

*575 John L. Hampton, David W. Hauber, Glenn B. Brown, Boddington & Brown, Chtl., Kansas City, KS, P. John Brady, R. Lawrence Ward, Shughart, Thomson & Kilroy, Kansas City, MO, for Saul Zapata, Gustavo Adolfo Vasquez, Francisco Ponce, Antonio Martinez, Mamel Sigala, Graciela Garcia, Antonio Ponce, Enrique Molina, Jr., Baltazar Betran, Pedro Lira, Marco Interrial, Jose Luis Velasquez, Olga Cabral, Juan Rucker.

Jack L. Whitacre, Spencer, Fane, Britt & Browne, Kansas City, MO, J. Nick Badgerow, Michaela M. Warden, Spencer, Fane, Britt & Browne, Overland Park, KS, Russell P. Wright, IBP, Inc., Dakota City, KS, Paula S. Greathouse, Lawrence, KS, for IBP, Inc.

MEMORANDUM AND ORDER

EARL E. O'CONNOR, District Judge.

This matter is before the court on the motion of defendant IBP, Inc., for protective order (Doc. # 536). The motion concerns the Expert Witness Report of plaintiff's expert, Dr. Charles Craypo, which contains handwritten notes of defendant's attorneys ("the Craypo Report"). Defendant contends that the handwritten notes constitute attorney-client privilege, and were inadvertently produced to plaintiffs' counsel. Defendant seeks an order from the court requiring plaintiffs' attorneys to return all copies of the Craypo Report, and preventing any use by plaintiffs of the attorneys' handwritten annotations on the Craypo Report. Defendant seeks to substitute a copy of Dr. Craypo's report that does not contain IBP's attorneys' notes. Plaintiffs object to defendant's motion, and have refused to return the document at issue. For the reasons stated below, the motion for protective order is granted.

I. Factual Background

The following constitutes a brief summary of the relevant facts, as related by defendant and uncontested by plaintiffs. On March 13, 1997, Michele Baird, an attorney for IBP, spoke by telephone with Dr. Keith Chauvin, an expert witness for IBP. Dr. Chauvin advised Ms. Baird that he had misplaced the copy of Dr. Craypo's report he had received several months earlier, and requested that *576 Ms. Baird send him another copy of Dr. Craypo's expert report. Later that day, Ms. Baird requested her secretary to send a copy of Dr. Craypo's expert report to Dr. Chauvin. A copy of the report was sent to Dr. Chauvin on that day. On March 19, 1997, IBP discovered that Ms. Baird's

secretary had sent Dr. Chauvin a copy of Dr. Craypo's report containing handwritten notations of Ms. Baird and another IBP attorney, Michelle Dreibelbis. None of the attorneys' notations are located on the first page of the Craypo report.

On March 18, 1997, plaintiffs' counsel deposed Dr. Chauvin. In response to the document request attached to his deposition notice, Dr. Chauvin produced his file, which contained the Craypo report annotated with the attorneys' notes. Dr. Chauvin's file included over one thousand documents. Shelly Freeman, IBP's local counsel, defended Dr. Chauvin's deposition. Because she did not know who had written the notations on Dr. Craypo's report, she did not object when the report was produced to the plaintiffs' attorney during the deposition. Dr. Chauvin testified in his deposition that he did not pay attention to the notes when he reviewed the Craypo report.

Subsequently, on March 19, 1997, Ms. Freeman asked Ms. Baird about the notations on Dr. Craypo's report. According to Ms. Baird, this was the first time she had any knowledge that the copy of Dr. Craypo's report sent to Dr. Chauvin on March 13, 1997, contained the attorneys' notations. That same day, Ms. Baird faxed a letter to plaintiffs' counsel, notifying them that "the production of the report containing attorney's [sic] notes was inadvertent and unintentional," and requesting that they return all copies of the report containing attorneys' notations. Plaintiffs' counsel have refused to comply with Ms. Baird's request.

II. Discussion.

[1] Although defendant characterizes the issue as whether the Craypo Report is a document protected by the attorney-client privilege, the court finds the facts more properly invoke the work product doctrine. An attorney's "work product" protection is something separate and apart from the attorney-client privilege. *Mike v. Dymon*, 1996 WL 674007, *8 (D.Kan.1996) (citing *Great Plains Mut. Ins. Co. v. Mutual Reins. Bureau*, 150 F.R.D. 193, 196 (D.Kan.1993)). See also Annot., Development, *Since Hickman v. Taylor*, of Attorney's "Work Product" Doctrine, 35 AER 3d 412, § 2[a] (1971). The mental impressions prepared or formed by an attorney in the course of his legal duties for his own use in prosecuting his client's case and contained in his files fall outside the scope of the attorney-client privilege, and hence are not protected from discovery on that basis; nevertheless, they are protected as the "work product" of an attorney. *Id.* In the instant case, the court has reviewed the annotations

to the Craypo report, identified as attorneys' notes, and finds that the notations contain the attorneys' mental impressions, conclusions, opinions, or legal theories, made with an eye toward litigation. *Hickman v. Taylor*, 329 U.S. 495, 511, 67 S.Ct. 385, 393-94, 91 L.Ed. 451 (1947). The court also finds, based upon the facts presented, that the disclosure of the annotated Craypo report was inadvertent, inasmuch as such disclosure was not intended by IBP's attorneys.

[2][3] In order to be protected by work product immunity, the party asserting the doctrine must show (1) that the material is a document or tangible thing, (2) that the material was prepared in anticipation of litigation, and (3) that the material was prepared by or for a party or by or for the party's representative. *Burton v. R.J. Reynolds Tobacco Co.*, 167 F.R.D. 134, 139 (1996) (citing *Jones v. Boeing Co.*, 163 F.R.D. 15, 17 (D.Kan.1995)). The facts presented are sufficient to establish each of the foregoing requirements. Thus, the issue before the court is whether defendant's production of the Craypo Report constitutes a waiver of the work product protection.

[4][5] The courts in this district employ a five-factor test to determine if inadvertent disclosure of documents effects a waiver of the attorney-client privilege. See *Monarch Cement Co. v. Lone Star Industries, Inc.*, 132 F.R.D. 558, 559 (D.Kan.1990); *Kansas City Power & Light Co. v. Pittsburg & Midway Coal Mining Co.*, 133 F.R.D. 171, 172 *577 (D.Kan.1989) (both citing *Hartford Fire Ins. Co. v. Garvey*, 109 F.R.D. 323 (N.D.Cal.1985)). This same five-factor test also is used to assess whether inadvertent disclosure of documents results in a waiver of the work product protection. *In re Wyoming Tight Sands Antitrust Cases*, No. 85-2349-S, 1987 WL 93812 (D.Kan.1987). The factors are as follows:

1. The reasonableness of the precautions taken to prevent inadvertent disclosure;
2. The time taken to rectify the error;
3. The scope of discovery;
4. The extent of disclosure; and
5. The overriding issue of fairness.

Id. at *4 (citing *Hartford Fire Ins.*, 109 F.R.D. at 332). We shall consider each of these five factors in turn.

With respect to the precautions taken, defendant contends that its attorneys diligently attempted to protect confidential information by carefully screening documents. While the court observes that defendant's attorney could have been more careful by personally inspecting the Craypo report before sending it out, on

balance, this factor weighs in favor of finding the work product protection was not waived. The court finds evidence of precautionary measures in the fact that the Craypo Report is the only document of which defendant or the court is aware that has been inadvertently produced to plaintiffs' counsel during the three and one-half years of litigation. Plaintiffs' counsel suggest that defendant's attorneys could have avoided the disclosure by reviewing each document in Chauvin's file before it was turned over at his deposition. However, given the short time frame (defendant received seven days' notice that plaintiffs would be requesting Dr. Chauvin to produce documents at his deposition) and the number of documents actually produced at Chauvin's deposition (more than 1,000 documents) the court finds that the inadvertent production of the Craypo Report does not demonstrate a careless attitude towards work-product documents that would justify a finding of waiver.

[6] With respect to the second factor, the time taken to rectify the error, the court finds that this factor weighs heavily in favor of defendant. The evidence of record indicates that IBP's counsel contacted plaintiffs' attorneys by facsimile the very day the inadvertent disclosure was discovered, and attempted to rectify the error by requesting return of the Craypo Report. The relevant time for rectifying any error begins when a party discovered or with reasonable diligence should have discovered the inadvertent disclosure. *Kansas City Power & Light*, 133 F.R.D. at 172. The court determines that defendant could not have acted any sooner in attempting to rectify the error. While plaintiff suggests that IBP should have objected to the production of the Craypo Report during Dr. Chauvin's deposition, according to Ms. Freeman's affidavit, she did not know whose notes were on the report at the time of the deposition. Without such knowledge, she had no reason to object to production of the Craypo Report.

The third factor, scope of discovery, also weighs against a finding of waiver. Defendant estimates over forty thousand documents have been produced by IBP in the three and one-half years of litigation in this case. Plaintiffs do not dispute this estimate. The Craypo Report is the only document of which IBP's attorneys are aware that has been inadvertently disclosed. Given the enormous number of documents produced by IBP, the inadvertent disclosure of one document is minor in relation to the overall case and, therefore, this factor weighs in favor of defendant. As the court explained in *In re Wyoming Tight Sands Antitrust Cases*, No. 85-2349-S, 1987 WL 93812 (D.Kan.1987):

Where document production is extensive ... a finding that an inadvertent disclosure of privileged documents waives the attorney-client privilege or work-product protection does not advance the aim of full and free discovery. Parties might tend to produce fewer documents or delay production for fear of losing protection for otherwise valid privilege claims.

Id. at *5 (citing *New York State Energy Research and Dev. Auth. v. Nuclear Fuel Servs., Inc.*, 36 Fed. R. Serv.2d 1511, 1519 (W.D.N.Y.1983)).

*578 [7] The fourth factor, extent of disclosure, also weighs in favor of defendant. The record reflects that the use of the annotated Craypo report by Dr. Chauvin and by plaintiffs' attorneys has been minimal. The excerpted portion of Dr. Chauvin's deposition indicates that, when questioned by plaintiffs' attorneys regarding the annotations, Chauvin stated that he did not pay any attention to the notations on the report. In addition, Dr. Chauvin filed his expert report in this case on January 17, 1997—well before he reviewed the Craypo Report at issue. Consequently, the attorneys' notes on the report could not possibly have influenced Chauvin's opinion in the case; thus, any cross-examination of Chauvin regarding the attorney's notes would not be probative as to Chauvin's expert opinion contained in his report. According to defendant's counsel, the brief questioning by plaintiffs' attorney during Chauvin's deposition is the *only* use of the attorneys' notes made on the Craypo Report in the entire case. Moreover, although plaintiffs' counsel may have intensively reviewed the attorneys' notations on the report, intensive review of inadvertently disclosed documents does not constitute extensive disclosure. *Kansas City Power & Light Co.*, 133 F.R.D. at 173. The minimal extent of disclosure of the report supports preserving IBP's work product protection.

Finally, in examining the fairness factor, we conclude that fairness dictates that IBP should not be deemed to have waived its work product protection because of the disclosure. As we succinctly stated in *In re Wyoming Tight Sands Antitrust Cases*, No. 85-2349-S, 1987 WL

93812 (D.Kan.1987):

[1]he court finds no compelling reason to rigidly apply a waiver of work product ... to the Reiter notes. Common sense suggests that a party might inadvertently fail to keep within its grasp one or two documents in the course of producing 1,500,000. Beyond that simple measure, however, defendants have demonstrated no urgent need for the notes. They have shown no hint of prejudice if they do not obtain them... The arguments of defendants reduce themselves to little more than a claim that they should not be deprived of a tactical advantage fortuitously gained by a party's inadvertence.

Id. at *5. Such reasoning applies equally to the plaintiffs in the instant case.

[8] In sum, upon considering all five factors, the court finds defendant IBP's inadvertent disclosure of the Craypo Report does not amount to a waiver of its work product protection. Accordingly, defendant's motion for protective order is granted.

The court is not particularly impressed with plaintiffs' unreasonable opposition to this motion. Defendant, however, has made no request to assess against plaintiffs the defendant's reasonable expenses, including attorneys' fees, under Federal Rules of Civil Procedure 26(c) and 37(a)(4)(A); therefore, none will be assessed.

IT IS THEREFORE ORDERED that defendant IBP's motion for protective order (Doc. # 536) is granted. Plaintiffs' counsel is directed to return all copies of the Craypo Report containing attorneys' notations to IBP's attorneys. Plaintiffs may not use this document except by further order of the court. The court reporter is directed to substitute a copy of Dr. Craypo's report with the attorneys' notations redacted for the current Exhibit 355 to Dr. Chauvin's deposition. Defense counsel is directed to provide a copy of said report, along with a copy of this Memorandum and Order, to the court reporter.

END OF DOCUMENT