

Reproduced with permission from Product Safety & Liability Reporter, 40 PSLR 1183, 10/15/2012. Copyright © 2012 by The Bureau of National Affairs, Inc. (800-372-1033) <http://www.bna.com>

DISCOVERY**PRIVILEGES****Work Product Protection for Experts:
Notable Decisions Under the 2010 Amendments to Rule 26**

By **KIMO S. PELUSO** AND **NIRAV S. SHAH**

The 2010 amendments to Rule 26—by excluding an expert’s communications with counsel and drafts of the expert’s reports from discovery—have created a zone of comfort, allowing greater candor and more effective communication between attorneys and their retained experts. Lurking at the periphery of that zone, however, are questions about the scope and nature of the newly-formulated privilege. When an expert performs roles other than those of the testifying expert,

Kimo S. Peluso is a litigation partner at Manatt, Phelps & Phillips LLP in New York City. His practice focuses on business disputes, complex commercial litigation, and unfair competition claims. Peluso can be reached at kpeluso@manatt.com.

Nirav S. Shah is a litigation associate at Manatt, Phelps & Phillips in New York City. He has experience with a broad range of civil litigation, including trademark and patent infringement matters, restructuring proceedings and contract disputes. Shah is available at nshah@manatt.com.

are his activities governed by the new rule? Are there limits to what types of communications between experts and counsel are covered by the privilege? What documents fall under the definition of “draft report”? The developing case law indicates that courts will address such uncertainties with a focus on practical solutions guided by careful attention to the efficiency concerns that prompted the 2010 rule change.

Prior to the 2010 amendments, expert discovery had been the proverbial trap for the unwary, with most courts holding that all information viewed by an expert was fully discoverable, including discussions with counsel and drafts of expert reports. The Advisory Committee recounted a parade of horrors created by this dynamic:

Costs have risen. Attorneys may employ two sets of experts—one for purposes of consultation and another to testify at trial—because disclosure of their collaborative interactions with expert consultants would reveal their most sensitive and confidential case analyses. At the same time, attorneys often feel compelled to adopt a guarded attitude toward their interaction with testifying experts that impedes effective communication, and experts adopt strategies that protect against discovery but also interfere with their work.

In an attempt to remedy this state of affairs, the advisory committee uprooted the prior rule and replaced it with Rule 26(b)(4)(B) and (C), which provide as follows:

(B) Trial-Preparation Protection for Draft Reports or Disclosures. Rules 26(b)(3)(A) and (B) protect drafts of any report or disclosure required under Rule 26(a)(2), regardless of the form in which the draft is recorded.

(C) Trial-Preparation Protection for Communications Between a Party’s Attorney and Expert Witnesses. Rules 26(b)(3)(A) and (B) protect communications between the party’s attorney and any witness required to provide a report under Rule 26(a)(2)(B), regardless of the form of the communications, except to the extent that the communications:

- (i) relate to compensation for the expert's study or testimony;
- (ii) identify facts or data that the party's attorney provided and that the expert considered in forming the opinions to be expressed; or
- (iii) identify assumptions that the party's attorney provided and that the expert relied on in forming the opinions to be expressed.

Fed. R. Civ. P. 26(b)(4). These amendments were enacted with the intention of “ensur[ing] that lawyers may interact with retained experts without fear of exposing those communications to searching discovery.” *Id.*, see Advisory Committee Notes.

To date, the case law applying the new rule has been straightforward and unsurprising. Some of these decisions, however, foreshadow the debates likely to emerge as courts and litigants feel their way through the newly drawn boundaries of expert discovery.

The Expert Army of One

It is long held wisdom that counsel should be leery of having one expert wearing multiple hats. The concern is that an expert who has consulted for the company before the litigation arose, or even on other litigation matters, may be required to divulge sensitive details about his or her prior work for that client even if otherwise privileged.

But under the new rules, some parties have resisted discovery of information that an expert reviewed or considered for a separate litigation that was beyond the scope of his designated opinion. Thus, in *Newport v. Burger King Corp.*, No. C-10-04511-WHA, 2012 BL 248992 (N.D. Cal. Jan. 13, 2012), the Northern District of California held that Rule 26(b)(4)(C) did not require production of a consultant's notes of visits to certain Burger King franchises that were the subject of a prior lawsuit regarding disabled access. The consultant's expert testimony in the second action—an indemnification suit by franchises against Burger King—related to a narrow subject, i.e., to the reasonableness of fees charged by other site inspectors. Accordingly, the Court in the second action was persuaded that the expert had not relied on his earlier documents, and it extended work product to them under Rule 26(b)(4)(C) (although most of them were ultimately found discoverable for other reasons).

Similarly, in *Sara Lee Corp. v. Kraft Foods Inc.*, 273 F.R.D. 416, 420 (N.D. Ill. 2011), the court rejected discovery of expert materials on a subject matter beyond the four corners of the expert's report. In that false advertising case, the two commercial food giants Sara Lee and Kraft Foods, contended the other had engaged in the false and misleading advertisement of hot dogs.

Kraft had hired a consumer survey expert to testify regarding one of Sara Lee's commercials, and merely to consult on another. Kraft unsuccessfully moved to compel testimony and documents regarding the expert's work on the second commercial. The court rejected the application, finding that the expert's communications with counsel about potential consumer testing for the second commercial were not “considered in forming the opinions to be expressed,” Fed. R. Civ. P. 26(b)(4)(C)(iii), since the expert was not offering an opinion on that commercial. (As an independent basis for the ruling, the court also found that the requested

information did not constitute “facts” or “assumptions,” within the meaning of the rule's exceptions.)

In *Int'l Aloe Science Council, Inc. v. Fruit of the Earth, Inc.*, No. DKC-11-2255, 2012 BL 126832 (D. Md., May 23, 2012), the district court extended this reasoning to notes drafted by an expert for purposes other than formulating opinion testimony. In a trademark dispute, plaintiff's testifying expert provided plaintiff's counsel with written remarks regarding the opposing expert's report, including proposed deposition questions. The court's analysis focused on whether the “expert created, used, or considered the notes, or information in the notes, in forming her opinion.” Under this test, the court ruled that the exceptions to Rule 26(b)(4)(C) do not apply, since the notes were provided to assist counsel and were not drafted “in developing opinions that he will provide at trial” (emphasis in original). Presumably, the result might have been different if the notes identified facts and data considered in forming, for example, a rebuttal opinion that the expert planned to offer at trial.

Thus far, it appears that courts will tend to be parsimonious when dealing with requests for discovery from experts unrelated to their testimony. However, at least one court has shown that without proper briefing from counsel, judges may be inclined to revert to the nearly unfettered expert discovery allowed under the old rule.

In *In re Pickard*, No. 11-01819, 2012 BL 61050 (Bkcty. N.D. Iowa March 7, 2012), an expert had drafted an appraisal of real property that was to be used in a bankruptcy proceeding as fact evidence. The debtors subsequently retained the same appraiser to perform a second appraisal of the property as a consulting expert. The debtors refused to produce this second report pursuant to document requests from the bankruptcy trustee, claiming that the work product privilege applied. The court compelled the discovery, citing to pre-2010 case law to rule that the expert should be treated as a testifying expert because he would be called to testify about the first appraisal report. Because the issue was apparently not briefed in light of the 2010 amendments, the court did not, for example, identify an exception under which the second report—a communication with debtor's counsel—would be discoverable under the new rules.

Admissible but Not Discoverable?

At least one court has suggested that the newly bestowed work product protection for expert materials is not necessarily a privilege from admissibility. The Western District of Pennsylvania faced this issue in *Miller v. Evenflo Co., Inc.*, No. 3:09-108, 2012 BL 9191 (W.D. Pa. Jan. 12, 2012), where the plaintiff had produced certain expert information before the December 2010 rule change that, under the new rule, potentially qualified as work product.

Citing the plaintiff's failure to identify any rule barring a party from “using information which was discoverable at the time of production,” the court found the cat was out of the bag and permitted the other side to use the materials at trial. The court's opinion does not offer much guidance for other cases caught in post-discovery at the time of the rule change. Litigants in a similar situation (presumably a vanishing group over time) might be advised to formally demand that their adversaries return any potentially protected expert in-

formation pursuant to Rule 26(b)(5)—the same remedy used to retract inadvertently produced privileged documents.

The Exceptions: Hatchets or Scalpels?

The Advisory Committee Notes explain that each exception “applies only to communications ‘identifying’ the facts or data provided by counsel; further communications about the potential relevance of the facts or data are protected.” We have seen limited guidance from the courts as to whether parties can comply with this rule by withholding documents that contain only duplicative information, or by redacting documents to disclose only the “facts or data” at issue.

One recent opinion indicates that such redaction would be appropriate. In *Fialkowski v. Perry*, No. 11-5139, 2012 BL 248993 (E.D. Pa., June 29, 2012), the plaintiff, an attorney suing a former law partner, provided her counsel with an “explanation and assessment” of relevant discovery documents. Counsel, in turn, forwarded this document to plaintiff’s testifying expert. Plaintiff resisted producing the document on grounds of attorney-client privilege and work product privilege under Rule 26(b)(4)(C). The court found that Rule 26(a)(2)(B)—requiring disclosure of “facts and data” that the expert had considered—would trump plaintiff’s claims of privilege, and that the work product privilege did not exist in this case, since the document was drafted by the plaintiff, not her counsel. Notably, in its order compelling the discovery, the court required only that plaintiffs “produce the *parts* of all requested documents containing ‘facts or data’ that plaintiff’s expert reviewed or considered” (emphasis added). The order implies that counsel is entitled to withhold non-responsive pages or redact non-responsive passages when producing “facts and data” pursuant to Rule 26(a)(2)(B).

Important Limits on Expert Work Product

In light of the latitude afforded counsel when dealing with testifying experts under the new rule, it is tempting to treat all dealings with a testifying expert as if they occur in an impenetrable black box. But Rule 23(b)(4)(B) and (C) present important limits with respect to the communications that they protect. Rule 23(b)(4)(B) protects “drafts of any report or disclosure,” while subparagraph (C) protects “communications between the party’s attorney and” the expert witness. Documents produced or received by experts that fall outside those two categories—draft reports and communications with counsel—are unlikely to be granted the protections of the work product privilege.

In the most in-depth analysis of the new rule to date, the Northern District of California ordered the production of a wide range of communications and memoranda based on the principle that “expert materials and communications that fall outside the scope of Rule 26(b)(4)(B)-(C) are not work product and are, therefore, discoverable.” *In re Application of the Republic of Ecuador*, 280 F.R.D. 506, 512 (N.D. Cal. 2012).

In that case, counsel for Chevron in a contentious international environmental litigation abroad gave its testifying experts broad access to its employees and consultants. The experts teamed up with non-attorneys to draft notes, memoranda, presentations, and letters, and

worked with Chevron’s consulting experts to develop their theory of the case. In connection with a subsequent arbitration that essentially re-litigated the previous case, the Republic of Ecuador sought these documents by subpoena. Chevron resisted.

The court began its analysis of these documents by noting that “the intention of the work product rule is to protect the mental impressions and legal theories of a party’s attorneys, not its experts.” Based on this distinction, the court ruled that documents showing “development of the opinions to be presented” are discoverable unless they take the form of communications with counsel or draft reports. The court ordered production of numerous categories of sensitive documents, including presentations created by testifying experts in collaboration with non-attorney Chevron employees; emails between experts and non-attorney Chevron employees; and email exchanges between testifying experts and consulting experts that did not include counsel.

This analysis implicated not only communications between experts and non-lawyers, but also internal work papers drafted by the expert. Based on its *in camera* review, the court distinguished protected “draft reports” from other documents prepared by the expert in the course of his analysis, ordering the production of the latter set of documents. This approach echoes the position taken by numerous other courts that materials reflecting an expert’s impressions and theories are discoverable. *See, e.g., Republic of Ecuador v. Bjorkman*, No. 11-cv-01470-WYD-MEH, 2012 BL 1828 (D. Colo. Jan. 4, 2012) (“Clearly, it is the intention of the rules committee to protect the mental impressions and legal theories of a party’s attorney, not its expert.”).

At least two other recent decisions, for example, suggest that an expert’s own notes are generally discoverable, because they do not comprise a “draft” of the expert’s reports. *See In re Asbestos Products Liability Litigation*, No. MDL 875, 2011 BL 313736 (E.D. Pa. Dec. 13, 2011); *Dongguk University v. Yale University*, No. 3:08-CV-00441, 2011 BL 335699 (D. Conn. May 19, 2011).

The basis for this distinction between draft reports and other draft documents, however, is far from clear. The Northern District of California in the *Ecuador* case appears to assume that the distinction is self-evident. In one passage, for example, the court states that a document alleged to be a draft report is in fact “a review of recent reports and publications,” but does not explain how a review of literature cannot be a draft report. Similarly, another passage states that purported draft reports were in reality “notes and memoranda,” and should therefore be produced.

We have our doubts that courts will, over the years, attempt to maintain a hard distinction between drafts of reports and preliminary notes, or between an expert’s strategic ideas and the expert’s communications with counsel. A jurisprudence that assigns “notes” to a different privilege category than “drafts,” strikes us as a step backward. Considering the broad array of documentation an expert might generate in order to present counsel with different strategies and approaches, we see no reason why such materials should be discoverable when they are “notes,” but not when they are “drafts.”

If more courts apply that distinction, perhaps experts will simply style everything they write as though it were part of a “draft report”—the sort of needless ceremony

that the 2010 rule change was designed to avoid. We think it is more likely that courts will instead focus on ensuring that opposing counsel have access to what the Advisory Committee terms the “factual ingredients” that the expert considered. Adversaries can and should have access to work product that identifies facts and

data considered by the expert, regardless of what form the document takes. Such access is sufficient to meet the disclosure objectives of the amended Rules, while avoiding the pitfalls of formalism that were once the hallmark of expert discovery in federal court.