

WSGR ALERT

JULY 2010

PROTECTING THE ATTORNEY-CLIENT PRIVILEGE: RECENT RULING UNDERSCORES NEED TO CONFIRM IN-HOUSE COUNSEL'S AUTHORIZATION TO PRACTICE LAW

A recent court order addressing a challenge to the assertion of the attorney-client privilege illustrates the need for employers to verify that attorneys employed to act in a legal capacity are authorized to practice law and in good standing. In *Gucci America, Inc., v. Guess?, Inc.*,¹ Magistrate Judge James L. Cott of the Southern District of New York held that the communications of Gucci's former general counsel, Jonathan Moss, were not protected by the attorney-client privilege.²

In 1993, upon his graduation from law school, Mr. Moss gained admission to the California State Bar. Gucci hired Mr. Moss in 2002 based on an introduction from its outside counsel, and Mr. Moss earned several promotions, eventually becoming general counsel. As part of his job responsibilities, Mr. Moss provided Gucci with legal advice, appeared before courts and administrative agencies on Gucci's behalf, filed trademark applications, drafted agreements, and conducted legal research.

Six current and former executives of Gucci and Gucci's outside counsel collectively testified that they perceived Mr. Moss to be an attorney authorized to practice law based on his position and the preceding job responsibilities. No one, however, ever confirmed Mr. Moss's background as an

attorney or his bar status. At Mr. Moss's deposition, Gucci learned for the first time that he was an "inactive" member of the California State Bar. A subsequent investigation by Gucci revealed that Mr. Moss had not been an active member of the California State Bar—or any state bar—for more than 13 years.

Mr. Moss testified that he believed his inactive status in California did not prevent him from working as an in-house attorney outside of California, and that he did not inform his colleagues of his inactive status because he did not believe it to be relevant. Indeed, Mr. Moss had submitted annual bar statements to Gucci indicating his inactive status (apparently overlooked by Gucci), and Gucci had paid Mr. Moss's annual inactive status bar fees to California. Mr. Moss testified that he in no way intended to conceal his inactive status from Gucci.

Reviewing the preceding facts, Judge Cott held that Mr. Moss did not qualify as an attorney for the purpose of determining whether the attorney-client privilege applied to his confidential email communications with other Gucci employees. Judge Cott reasoned that an *inactive* member of the California State Bar is not an attorney because he is not authorized to practice law. Judge Cott was

not persuaded that Mr. Moss, as a voluntary inactive member, could have re-activated his status at any time by filing a one-page application and paying a full membership fee. As he was inactive during the relevant time, he was not authorized to practice law and, thus, was not an attorney: "The attorney-client privilege contemplates that the client communicate with an individual who is not simply trained in the law, but actually authorized to engage in the practice of law."

Despite Mr. Moss's inactive bar membership, Gucci could have availed itself of the attorney-client privilege if it demonstrated a reasonable belief that Mr. Moss was authorized to practice law. Gucci, however, failed to persuade Judge Cott that its belief was reasonable because no one ever checked Mr. Moss's background or bar status. "Minimal due diligence includes confirming that Moss was licensed in *some* jurisdiction, and that the license he held in fact authorized him to engage in the practice of law, and that he had not been suspended from practicing, or otherwise faced disciplinary sanctions." Gucci could have learned that Mr. Moss was not an active member of the California State Bar through a number of ways—by asking him, conducting an attorney search on the California State Bar website, or reviewing the annual dues statements that Mr. Moss

¹ Case No. 09 Civ. 4373 (SAS) (JLC).

² Gucci may object to the order under FRCP 72(a), and seek review from the presiding judge. On July 2, 2010, the court granted a stay of the 14-day objection period until a determination is made regarding whether Mr. Moss's communications are protected by the work-product doctrine even though not protected by the attorney-client privilege.

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submitted for payment. Absent a misrepresentation (of which no evidence existed), Gucci could not rely on the inferences of its employees and an introduction from outside counsel to demonstrate that its belief was reasonable.

In light of the court's decision in *Gucci America, Inc., v. Guess?, Inc.*, employers should take affirmative steps to verify and document that attorney-employees hired to work in a legal capacity are authorized to practice law and in good standing. Employers should verify that attorney-employees are authorized to practice law upon hiring, and when an attorney-employee changes from a non-legal to a legal job capacity. Employers should also regularly confirm that no change in status has occurred. Furthermore, employers should ensure that attorney-employees are authorized to practice in the state(s) in which they are located. In California, for example, in-house counsel authorized to practice law in another jurisdiction (and not also licensed in California) must register annually with the California State Bar to provide legal services to their California employers.³

For additional information on this decision or any related matter, please contact any member of Wilson Sonsini Goodrich & Rosati's litigation department.

³ See California Rule of Court 9.46.



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