

# ISSHIKI & PARTNERS

## Understanding Attorney-Client Privilege in U.S. Litigation

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# Understanding Attorney-Client Privilege in U.S. Litigation

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## 1 Introduction

The attorney-client privilege is one of the few exceptions recognized in U.S. litigation that allows parties to shield certain communications from disclosure. It is a critical safeguard that enables clients to consult with their attorneys openly and honestly.

For companies involved in U.S. litigation, it is essential to have a sound understanding of the underlying principles of this privilege and to establish internal systems for information management and legal coordination that ensure its proper application. This is especially important for foreign companies unfamiliar with U.S. litigation, which must understand not only the legal requirements for asserting privilege but also the circumstances under which it may be deemed waived.

This article outlines the basic framework of the attorney-client privilege, highlights common practical issues foreign companies may face, and offers guidance from both preventive and litigation-response perspectives. It also addresses the important issue of whether communications with foreign attorneys or patent professionals—including those in Japan—may be protected under U.S. privilege law.

## 2 What Is the Attorney-Client Privilege?

The attorney-client privilege is the legal right to refuse disclosure of communications between a client and an attorney made for the purpose of obtaining legal advice. Although U.S. litigation is governed by an expansive discovery system under which disclosure of all relevant information is the general rule, information protected by privilege is exempt from such disclosure.

The purpose of the privilege is to ensure that clients can communicate openly with their attorneys—including disclosing potentially unfavorable information—without fear that such communications will be revealed. This protection enables attorneys to provide informed and effective legal counsel. Without it, clients may withhold critical information, ultimately undermining their legal position.

However, because privilege inherently conceals information that might otherwise be subject to discovery, it stands in tension with the U.S. legal system's commitment to uncovering all relevant facts. Accordingly, U.S. courts interpret the privilege narrowly and treat it as an exception to the general rule of disclosure. Any failure to meet the necessary requirements or deficiencies in practice may result in the privilege being deemed waived.

To establish attorney-client privilege, all of the following elements must be satisfied:

### 1. **Communication**

The privilege protects communications between an attorney and a client made for the purpose of obtaining legal advice. This includes not only the communications themselves but also related drafts and preparatory materials. However, the underlying facts discussed in those communications are not protected.

## **2. Qualified Legal Relationship**

The communication must be with an attorney qualified to provide legal advice under the relevant jurisdiction. Communications with foreign attorneys or patent professionals may also be protected if they would be considered privileged under the law of the applicable foreign country (see Section 3.1). Communications with paralegals or legal assistants may be protected as well, so long as they occur under the supervision of a licensed attorney.

In the case of a corporate client, the “client” may include in-house legal or IP personnel and employees acting under their direction, but access should be limited to those with a need to know.

## **3. Confidentiality**

The communication must remain confidential and not be disclosed to third parties. The privilege does not extend to information that is publicly known or independently obtained from other sources.

## **4. Purpose of Legal Advice**

The communication must be made for the purpose of obtaining legal advice. Business advice or operational guidance provided by in-house counsel is generally not covered by the privilege.

## **5. Not in Furtherance of Crime or Fraud**

The attorney-client privilege does not apply to communications made to further or conceal ongoing or future criminal or fraudulent conduct. However, legal advice regarding past misconduct remains protected, as long as the attorney’s services are not used to advance illegal activity.

## **6. Proper Assertion and No Waiver**

The privilege must be clearly asserted and not waived. For instance, failing to provide a privilege log during discovery may result in the privilege being deemed waived.

If any of these elements is lacking, the privilege will not apply. In practice, one of the most common reasons courts find a waiver of privilege is a failure to maintain confidentiality. To preserve protection, companies should establish clear protocols for handling privileged information and ensure they are consistently followed in day-to-day operations.

## **3 Key Considerations in Asserting Privilege**

### **3.1 Appropriate Involvement of Attorneys and Patent Professionals**

While attorney-client privilege in the U.S. generally applies to communications involving licensed U.S. attorneys, U.S. courts have also recognized that communications protected under foreign privilege law may likewise be protected in U.S. litigation. For example, communications with Japanese attorneys or patent attorneys concerning Japanese law or patents are likely to be protected.

However, for issues involving U.S. law—such as the validity or infringement of a U.S. patent—the involvement of a U.S.-licensed attorney is essential. If such matters are handled solely by non-U.S. counsel, the privilege may not

apply. It is therefore critical to identify the relevant legal system and involve a qualified legal professional accordingly.

### **3.2 Strict Management of Privileged Information**

Managing privileged information is a key operational issue.

First, privileged documents should be labeled with notations such as “Privileged and Confidential” or “Attorney-Client Privileged.” While not a legal requirement, such labeling serves as an internal reminder and facilitates identification during discovery, significantly reducing the risk of inadvertent disclosure.

Second, access to privileged information should be strictly limited to those with a need to know. Even when shared with technical staff or management, access should be justified and controlled using safeguards such as folder segregation or restricted permissions.

Third, sharing privileged information with group companies or external partners requires caution. Privilege is generally preserved with wholly owned subsidiaries, but companies in which the parent holds less than a majority stake may be considered third parties, risking waiver. In such cases, it is advisable to execute a Common Interest Agreement to document shared legal interests.

Finally, caution is warranted when customers request an explanation of potential infringement risks. If a legal opinion is disclosed, not only the opinion itself but also related documents may be subject to waiver. That said, because privilege does not protect underlying facts, providing an explanation based on the non-infringement or invalidity rationale described in the opinion is generally permissible. Explanations should avoid disclosing the opinion itself and instead focus on summarizing conclusions or factual bases.

### **3.3 Caution When Preparing Internal Records**

Internal records created during legal assessments must also be handled with care.

For example, suppose an employee identifies a potentially problematic competitor patent during monitoring activities and prepares an internal document stating “High risk of infringement.” Even if the document was intended to be privileged, any waiver or inadvertent disclosure could be highly damaging in litigation. In a jury trial, preliminary or tentative views expressed internally may be misunderstood as reflecting the company’s official view.

To mitigate this risk, companies should involve attorneys in the documentation process and ensure the records are created in a way that would support a privilege claim. The content should also be drafted with the possibility of waiver in mind. Phrases like “High risk of infringement” should be avoided in favor of more neutral and limited terms such as “Requires analysis,” “No further review,” or “Important.”

### 3.4 Demonstrating Legal Advice Context Clearly

In practice, early assessments are often led by in-house legal or IP teams, and companies may avoid involving outside counsel to save costs. However, to claim privilege over internal documents, it is important to show that they were created as part of seeking legal advice from an attorney.

It is particularly helpful if the documents clearly reflect that they were prepared in the context of obtaining legal counsel from an attorney (whether in-house or external). The following procedural steps should be documented in emails or internal memoranda:

1. **Client → Attorney: Request for Legal Advice**

The client clearly conveys that legal advice is being sought on a specific matter.

2. **Attorney → Client: Request for Relevant Information**

The attorney asks the client to provide relevant facts, background, or documentation necessary for the analysis.

3. **Client → Attorney: Submission of Information**

The client gathers and submits the requested information and any relevant background materials.

4. **Attorney → Client: Legal Opinion Provided**

Based on the submitted information, the attorney provides legal advice or a formal opinion.

Keeping a clear record of these steps reinforces that the document was prepared as part of a legal consultation and helps substantiate a privilege claim.

## 4 Conclusion

Attorney-client privilege is not merely a legal formality; it is a practical and strategic framework for managing information and controlling legal risk. Its applicability in litigation depends heavily on how records are created, how attorneys are involved, and how information is shared internally.

Because privilege, once waived, is difficult to restore, companies must prepare in advance rather than respond reactively. Establishing internal systems that ensure proper use of the privilege is essential to effective litigation management.

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