1. A ruling from the U.S. District Court for the Northern District of Illinois that Defendants waived the marital communications privilege by producing emails between one of the Defendants and his wife, finding that Federal Rule of Evidence 502 did not apply to the privilege, and that federal common law supported a finding of waiver.

In *DR Distributors, LLC v. 21 Century Smoking, Inc.*, 2022 WL 2905838 (N.D. Ill. July 22, 2022), U.S. District Judge Iain D. Johnston addressed the Plaintiff's motion seeking a finding of waiver as to certain documents Defendants produced but claimed were covered by the marital communications privilege, finding that neither Federal Rule of Evidence 502 nor federal common law permitted Defendants to avoid a finding of waiver.

In this trademark case, Plaintiff, an electronic cigarette company, brought suit against a competitor and its owner, alleging that they misappropriated Plaintiff's registered trademark. *Id*. at *7. Defendant Brent Duke owned and operated Defendant 21 Century Smoking, Inc., Brent Duke's wife, Laurie Duke, also worked for 21 Century.

Although fact discovery closed in 2015, Defendants produced in May and June of 2018 "thousands of emails" from Defendants' Yahoo email account. Included in these productions were certain emails between Brent and Laurie Duke, some of which contained "unkind words, heated language, cussing, and extremely serious accusations — some related to the business operations, some related to the marital relationship, and some related to a mix of both." *Id*. at *2. Defendants withheld from these productions 16 emails and redacted 32 other emails based on the assertion of the marital communications privilege. This was the first time Defendants raised this privilege. *Id*. at *1. After further motion practice, on November 13, 2019, Defendants produced over 30,000 additional pages of documents. *Id*. at *4.

Certain emails between Brent and Laurie Duke were used in connection with prior discovery motion practice. For example, Defendants attached to their response to a motion for sanctions a February 4, 2012 email between Laurie and Brent Duke, and Defendants made use of this document during the subsequent evidentiary hearing on the motion. Defendants made no objection to this exhibit based on the marital communications privilege.

Ultimately, the court issued an order imposing certain sanctions and requiring Defendants to search for and produce relevant responsive documents, which had not been previously searched for or disclosed. When Defendants sought additional time to produce the relevant documents, the court invoked Fed. R. Evid. 502(d), stating, "[t]o speed up the privilege review, by way of this order, the Court *sua sponte* will apply Federal Rule of Evidence 502(d) to the fullest extent available, so that privileges and

protections are not waived by disclosure." *Id*. at *5. The court further stated that it would "apply Federal Rule of Civil Procedure 26(b)(5)(B) liberally to ensure that privileges and protections are not breached." Defendants produced additional documents in March 2021.

Defendants' counsel subsequently sent two claw back letters, one on June 11, 2021 and one on July 19, 2021, seeking the return of privileged material including documents Defendants' counsel claimed were privileged under the marital communications privilege. *Id*. at *7. Defendants' counsel later stated in a declaration that he "inadvertently produced numerous marital communications between Brent and Laurie Duke. [His] production of such communications was not done with the intent to waive [the marital communications privilege]." *Id*. at *6. The declaration did not explain how the production was inadvertent or what actions were taken to avoid the disclosure of the privileged documents.

Plaintiff filed a motion seeking a ruling that the marital communications privilege was waived by Defendants' disclosure of the material. Judge Johnston first surveyed the law regarding the marital communications privilege under federal common law, noting that it covers information privately disclosed between husband and wife in the confidence of the marital relationship. *Id*. at *8. He explained that the privilege can be waived by voluntary disclosure and that it was Defendants' burden to show that no waiver occurred because the disclosure was inadvertent. *Id*. at *9.

Judge Johnston next addressed whether Rule 502 was relevant to the dispute because Defendants argued that their counsel "acted reasonably in focusing on complying with the Court's order, while relying on the Court's statement that it would apply FRE 502(d) to the 'fullest extent possible' and Rule 26(b)(5)(B) 'liberally.'" Judge Johnston rejected this argument, citing among other factors that the documents at issue were produced years after the fact discovery cutoff, that Defendants had ample notice of the requirement to produce the documents, and that the Rule 502(d) order was entered only to "provide Defendants some protection if *attorney-client privileged* or *work-product protected* documents were inadvertently produced." *Id*. at *10 (emphasis in original).

Judge Johnston noted three additional problems with Defendants' argument that Rule 502(d) should apply. First, both the plain language of Rule 502 and its Advisory Committee notes make it clear that the rule applies only to the attorney-client privilege and the work-product doctrine, and it has no effect on any other evidentiary privilege. Second, 28 of the documents Defendants sought to claw back were produced before the court *sua sponte* entered the 502(d) order, and therefore Defendants could not have detrimentally relied on the order in the process of reviewing and producing those documents. *Id*. at *11. Third, Judge Johnston explained that courts have disagreed on whether a Rule 502(d) order is a "get-out-of-jail-free-card" irrespective of the

reasonableness of counsel’s privilege review process or even if one existed at all. As Judge Johnston noted, “[c]ounsel who produce documents without a reasonable privilege review do so at their own risk — even when a Rule 502(d) order exists.”

Rather than Rule 502(d), Judge Johnston applied a three-part balancing test under federal common law: (1) whether the documents were privileged; (2) if the documents were privileged, whether the disclosure was inadvertent; and (3) if the disclosure was inadvertent, whether the privilege was waived. *Id*. a *12.

With respect to the first two sets of communications Defendants produced in 2018 and 2019, Judge Johnston found that Defendants had not carried their burden of showing that the production was inadvertent and that the privilege was not waived. *Id*. at *13. He noted in particular that Defendants did not present evidence regarding the steps taken to prevent disclosure of privileged material, including regarding the document production or privilege review processes.

With respect to the documents produced by Defendants in March 2021, Judge Johnston had performed an *in camera* review of those documents and found that many (but not all of them) were privileged. *Id*. at *14. Accordingly, he turned to an analysis of whether Defendants’ disclosure of the documents was “inadvertent.” In a declaration, Defendants’ counsel stated that “[i]n the rush to properly comply and while under the threat of sanctions for failing to comply, I inadvertently produced numerous marital communications between Brent and Laurie Duke. My production of such communications was not done with the intent to waive [the marital communications privilege].” But Judge Johnston found that this was “hardly enough evidence for Defendants to meet their burden that the production was ‘inadvertent’ and that the privilege was not waived.”

Judge Johnston rejected each of Defendants’ proffered arguments as to why the production was inadvertent, including Defendants’ arguments that (1) the volume of documents reviewed was substantial, (2) Defendants’ prior counsel did not document his review or production processes, (3) the review and production processes were complicated, and (4) the document review was more complicated because it was done remotely during the pandemic. Judge Johnston found that each of these points was simply an argument without any supporting evidence. *Id*. at *16.

Judge Johnston next turned to an analysis of the precautions and care taken in reviewing the production for privileged documents, which he noted is a factor that should be given more weight. *Id*. at *15-16. Defendants argued that they “developed queries to review for privilege and did not intend to waive privilege,” but Judge Johnston found that he was presented with no evidence as to what the privilege review process was or how it worked. In particular, he noted that he had no evidence as to whether Defendants used

a keyword search or technology-assisted review as part of the review process or whether Defendants performed a manual privilege review: "This is fundamental information courts need to determine the reasonableness of the privilege review process," and "[w]hen a producing party fails to provide it, the party has failed to meet its burden."

Judge Johnston found that the amount of time that lapsed before Defendants sought to claw back the documents also weighed in favor of waiver. While the production occurred on March 19, 2021, Defendants first sought to claw back the documents on July 19, 2021.

Judge Johnston next turned to whether the scope of discovery weighed in favor of waiver. Although he noted that the scope of discovery in this case was significant, he found that "it was not onerous, especially considering the amount in controversy." "Searching a million documents in an eight-figure case is unsurprising these days." Judge Johnston found that Defendants had a "more-than-reasonable amount of time" to produce documents, particularly because he had granted extensions of the production deadline.

Judge Johnston found that the factors of the extent of the disclosure and fairness both weighed in favor of a finding of waiver. *Id*. at *17. With respect to the extent of the disclosure, Judge Johnston noted that Defendants produced "hundreds of privileged documents" as opposed to "a stray document here and there" and that the disclosure "was not an aberration." With respect to fairness, Judge Johnston noted that this also weighed in favor of a finding of waiver because "seldom is it unfair for the truth to be revealed." Judge Johnston also noted that he had treated Defendants fairly in not imposing harsher sanctions on Defendants for their earlier misconduct.

Finally, Judge Johnston turned to the consequence of Defendants' waiver. Plaintiff argued that Defendants' conduct should result in a subject matter waiver of all "communications about the operation of Defendants' business," but Judge Johnston disagreed. He noted that when waiver occurs, both the subject matter and the scope of the waiver should be narrow. He also disagreed that Defendants were using the privilege as both a sword and a shield, noting that out of the hundreds of documents identified as being privileged, Defendants used only one email and did so only at the sanctions hearing for the narrow purpose of putting the email into context after Plaintiff had already identified the email on its exhibit list. Finally, Judge Johnston noted that he had precluded Defendant from using any of the documents produced years after the discovery deadline, so Defendant could not use the documents affirmatively.