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WHITE PAPER

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France's Legal Privilege: Only for Attorneys-at-Law and Patent/Trademark Attorneys; Not (yet) In-House Counsel

In France, unlike for instance in the United States or United Kingdom, the scope of attorney-client privilege is restricted to attorneys-at-law registered with a bar and acting independently (within an independent law firm or self-employed) and, under certain conditions, to patent/trademark attorneys. In-house counsels thus do not benefit from legal privilege in France, regardless of whether they are or were previously qualified and registered as attorneys-at-law. Correspondence by in-house counsel is thus deprived of legal protection and may be seized or its disclosure otherwise legally required in the context of civil proceedings. Trade-secret protection may in certain cases be used as a fallback in order to claim protection for the advice provided by in-house counsel.

This *White Paper* explores the scope and the specificity of attorney-client privilege in France, in relation to civil matters. It examines situations and subject matter that do not fall within the scope of attorney-client privilege, in particular in relation to in-house counsel and in-house patent/trademark attorneys. It addresses fallback civil law principles that may be used to claim protection for communications and documents falling within the scope of trade secrets. Finally, practical recommendations are provided to maximize the protection of company information against legally warranted disclosure. A few comments will also be added in relation to the increasingly narrow attorney-client privilege in the context of criminal or antitrust proceedings.

INTRODUCTION: AN OVERVIEW OF THE FRENCH LEGAL FRAMEWORK ON LEGAL PRIVILEGE

In France, advice provided by attorneys-at-law (avocats au barreau / à la cour) is fully covered by attorney-client privilege and shielded from any disclosure, including at the request of a civil court. However, as explained at the end of this *White Paper*, this protection regime has certain exceptions in criminal matters.

It should, however, be recalled that, in France, attorneys-at-law can only practice independently (i.e., self-employed or within an independent law firm, either as partners, associates or, in rare cases, employees). Attorneys-at-law cannot practice in-house within a company since they must abandon the Bar when moving in-house. Attorney-client privilege thus only applies to registered attorneys-at-law and does not apply to in-house counsel.

Registered French patent and trademark attorneys (conseils en propriété industrielle) also benefit from a legal privilege afforded to the advice they provide to their clients. Like attorneys-at-law, patent and trademark attorneys can only practice either individually or within an independent firm.

The legal privilege of French patent and trademark attorneys thus does not apply to in-house (former) patent and trademark attorneys.

Individuals acting as in-house counsel are thus never covered by legal privilege in France (with the exception of exchanges between in-house counsel which are limited to repeating a defense strategy implemented by a law firm, as indicated below).

Trade secret protection may in certain cases be used as a fallback in order to claim protection for the advice they provide to their employer.

SCOPE OF ATTORNEY-CLIENT PRIVILEGE IN CIVIL MATTERS

People Bound by Attorney-client Privilege

Attorney-client privilege is notably governed by Article 66-5 of law No 71-1130 of 31 December 1971, which provides that in all matters, consultations and correspondence exchanged with lawyers are covered by attorney-client privilege.

This secrecy is general, absolute, and unlimited in time.

The obligations created by attorney-client privilege apply to:

- French attorneys-at-law;
- Foreign counsel, if they can be considered as equivalent to an attorney; and
- In some cases, non-attorneys, such as accountants in particular when they hold information covered by attorney-client privilege.

Attorney-client privilege is only binding on the attorney and not on his client, who may freely disclose any legal advice received.

A consequence of this rule is that correspondence, in particular emails, exchanged between an attorney and his client is no longer eligible for client-attorney privilege if it is shared with third parties. Attorneys and clients must therefore be very careful when they copy experts, accountants, or other third parties (even subject to confidentiality obligations) on legally privileged correspondence or documents, as this may result in disqualifying the document from legal privilege protection.

Elements Protected by Attorney-client Privilege

In France, the scope of attorney-client privilege is very wide.

Article 2.2 of the French Attorneys-at-law's National Internal Regulation provides a list of all documents or elements protected by attorney-client privilege, in particular advice provided by an attorney-at-law to his client, including all written or oral correspondence exchanged with an attorney-at law or all documents that are part of a case file.

Lack of Protection Attached to Legal Advice Provided by In-house Counsel

In-house counsel perform their duties pursuant to an employment contract within a company or group of companies and may, within the scope of these duties and for the exclusive benefit of their employer, or of any company within the group to which it belongs, provide legal advice and draw private deeds relating to the activity of said company/group.

Unlike in some jurisdictions, legal advice provided by individuals acting as in-house counsel are not covered by French attorney-client privilege.

The status of in-house counsel may evolve in the near future with more protection to their work product.

First, on January 26, 2022, the Cour de cassation (i.e. the French Supreme Court for civil matters) decided that work products of in-house attorneys whose essential purpose is to take up the defense strategy put in place by an external attorney-at-law may be covered by attorney-client privilege (Cour de cassation, Criminal Chamber, 26 January 2022, Docket No 17-87.359).

Secondly, on April 30, 2024, the first chamber of the French Parliament (Assemblée Nationale) adopted a law proposal brought on December 21, 2023, that would provide, under certain conditions, for the confidentiality of legal advice or opinions drawn up by in-house counsel. This law proposal has not yet been adopted and is facing opposition by the French Bars and the French National Bar Council.

The Particular Status of French Patent and Trademark Attorneys

In France, patent and trademark attorneys are part of a regulated profession under which they act independently, subject to specialized legal qualifications. They are bound by absolute professional secrecy and the scope of their obligations is similar to that of attorneys-at-law.

Like attorneys-at-law, they must be removed from the patent and trademark attorneys bar when moving in-house and thus lose the benefit of any legal privilege.

Evidentiary Procedures Forcing the Disclosure of Documents Containing Legal Advice

i. **Availability of French infringement seizure ("saisie-contrefaçon") and orders to preserve evidence under the UPC.**

In intellectual property ("IP") matters, the lack of legal privilege for legal advice provided by French in-house counsel requires even more attention and caution due to the availability of French infringement seizures (saisie-contrefaçon) and of orders for the preservation of evidence ("saisies") that can be issued by the French national courts or by the Unified Patent Court ("UPC") and be performed in France.

The saisie-contrefaçon is an evidentiary measure provided by French law, which enables the holder of an intellectual property right to have a bailiff, acting by virtue of a court order issued ex parte, carry out searches within private premises aimed at obtaining evidence of the materiality, origin and extent of an alleged infringement. In patent matters, it is provided for by article L. 615-5 of the French IP Code.

It is very frequently used and authorized under French patent law and the standard of proof required for a saisie to be authorized and performed is very low; the claimant mainly has to demonstrate that it owns the patent or holds an exclusive license thereof and that evidence of infringement is likely to be available at a given location.

Orders for the preservation of evidence (saisies) issued by the Unified Patent Court have a similar scope and purpose.

The saisie-contrefaçon and UPC saisies allow to obtain any document related to the potential infringement, which may thus include communications between: (i) in-house counsel or (former) patent/trademark attorneys; and (ii) company employees and/or management.

In order to try to shield such communication and have it excluded—or withdrawn—from the seized elements, the seized party can:

- Argue that it directly aims at implementing a legal advice obtained from an outside lawyer or that it amounts to trade secret; and
- Ask the bailiff to refrain from seizing it; and/or to place the seized document under provisional seals.

If the communication is placed under provisional seals, Article R. 153-1 of the French Commercial Code provides that the seized party must, within one month of the saisie, lodge an action for the preservation of the confidentiality of said communication, failing which it is automatically disclosed to the claimant.

Under the UPC Rules of Procedure, there is no such automatic handover and the saisie report can only be accessed with the court's authorization or with the consent of the seized party.

These procedures are subject to the same limitations as those discussed hereunder in relation to trade secret protection, i.e., trade secret protection is difficult to prove and cannot result in the communication being excluded from the litigation if it is relevant to the matter.

ii. **Procedural duty to produce documents and *in futurum* instruction measures (articles 138 and 145 of the French Code of Civil Procedure);**

In addition to saisies, two other mechanisms enable a claimant to obtain the disclosure of information that can contain legal advice:

- Article 145 of the French Code of Civil Procedure: for the purposes of future litigation, any party can request the judge to order an instruction measure in order to gather evidence that is not freely available to it; contrary to saisies-contrefaçon, such measure is not subject to the demonstration of IP-rights infringement and can be used in support of any legal claim (trade secret misappropriation, commercial dispute, etc.); and
- Article 138 of the French Code of Civil Procedure: in the context of pending proceedings, any party can request the judge to order the other party to produce documents that it holds and that are relevant to the case.

These two mechanisms constitute additional means through which a company may be required to disclose in-house legal advice it holds.

Possible Limited Fallback Based on Trade Secret Protection

Legal advice provided by in-house counsel may, under certain circumstances, benefit from the protection afforded to trade secrets under the Law of July 30, 2018, on the protection of trade secrets (transposing the European directive of June 8, 2016, on the protection of know-how and undisclosed commercial information).

This fallback is difficult to obtain due to the three cumulative conditions that must be met in order to benefit from trade secret protection:

- The information is secret, in the sense that in its globality and configuration it must not be generally available to persons generally interested in such kind of information;
- The information has commercial value; and
- The holder must have taken reasonable protection measures, given the circumstances, to keep the information secret.

Even if a particular in-house legal advice fulfills the requirements described above, the protection provided by trade secret is limited.

The law indeed imposes on the Court to take measures to protect the confidentiality of the trade secret, for example by restricting access to part of the confidential document or to a limited number of individuals (confidentiality club). But the confidential information, if it is relevant for the legal action, must nevertheless be made available to at least one representative of the adverse party and to the judge.

Recommendations to Maximize Protection of Legal Advice Obtained by Companies

In order to maximize the protection of the legal advice that companies obtain in France, they should:

- Obtain advice from outside counsel, attorneys-at-law and patent and trademark attorneys, rather than from an in-house counsel, for the most critical legal issues and matters, in order to benefit from attorney-client privilege;
- Mark the advice as being "Confidential – Privileged"; and
- Refrain from copying or transferring the advice outside the company itself.

For advice provided by in-house counsel, companies should maximize their chances of benefiting from the trade secret protection, in particular by putting in place appropriate protection measures.

NARROWER SCOPE OF ATTORNEY-CLIENT PRIVILEGE IN CRIMINAL AND ANTITRUST MATTERS

The scope of attorney-client privilege is much narrower in the context of criminal proceedings, i.e., when legal advice given by an attorney to its client is seized or requested in the context of criminal and antitrust proceedings.

The rules governing the enforceability of attorney-client privilege in criminal matters have been amended by the Law no. 2021-1729 of 22 December 2021, *for Confidence in the Judicial System*.

Under Article 56-1-1 of the French Code of Criminal Procedure (amended by the aforementioned Act of December 22, 2021), only documents relating to the "exercise of the rights of the defense" and covered by the legal privilege of the defense and counsel may escape seizure in the event of a search.

This new legal provisions thus replaces and splits the absolute, indivisible and overarching attorney-client privilege with and into three types of attorney-client privileges:

- The "pure advice" attorney-client privilege: This relates to legal advice that is unrelated to the exercise of the rights of the defense, e.g., advice provided before any infringement has occurred; the advice remains privileged against third parties but this first kind of attorney-client privilege is unenforceable against criminal and antitrust prosecution authorities;
- The "advice-defense" attorney-client privilege: This relates to legal advice that is "linked" to the exercise of the rights of the defense, e.g., advice provided after the first acts of infringement but before any formal indictment or proceedings against the client (like an open hearing or police custody); this second kind of attorney-client privilege is enforceable against prosecuting authorities under certain conditions, it being specified that the advice is still privileged against third parties;
- The "pure defense" attorney-client privilege: This relates to legal advice that is by nature linked to the exercise of the rights of the defense, e.g., advice provided after formal indictment or proceedings have been initiated against the client; only this third kind of attorney-client privilege is fully enforceable against prosecuting authorities.

On September 24, 2024, the Criminal Division of the French Supreme Court ("Cour de cassation") handed down a landmark ruling on the enforceability of attorney-client privilege in the event of a home visit in the field of competition law (Docket No 23-84.244). On this occasion, the Cour de cassation adopted a very restrictive interpretation of legal privilege, ruling that:

- Correspondence between a lawyer and his client may be seized during an antitrust inspection if it does not concern the exercise of the rights of defense;
- In the event of a dispute over the nature of the items seized, it is up to the seized company to identify precisely which correspondence it considers falling within the scope of the rights of the defense; and
- The procedure set out in article 56-1-1 of the French Code of Criminal Procedure applies to criminal searches, but not to house searches in the field of competition law.

This decision appears to contradict a recent ruling by the Court of Justice of the European Union ("ECJ") dated September 26, 2024 (n° C-432/23), in which the ECJ held that attorney-client privilege is a right guaranteed by Article 7 of the EU Charter of Fundamental Rights that is enforceable, in the case at hand, against the Luxembourg tax authorities.

As a result, companies must keep in mind that any written advice provided by an attorney-at-law may eventually be seized during searches by the judicial authorities (but also during home visits by competition authorities), unless it is a document covered by pure-defense legal privilege or, in some cases, a document covered by advice-defense legal privilege.

CONCLUSION

- Attorney-client privilege applies only to registered attorneys-at-law acting independently (within an independent law firm or self-employed), not to in-house counsel. It is even narrower in criminal matters.
- Legal advice provided by external patent and trademark attorneys enjoys similar legal privilege.
- In-house legal advice could, under certain circumstances, be covered by trade secret protection. However, this protection is very limited.

- French infringement seizure (saisie-contrefaçon) and orders to preserve evidence (saisies) under the UPC provide easy access to IP-related legal advice by in-house counsel and require French companies to exercise caution in this respect.
- Procedural duty to produce documents and in futurum instruction measures also constitute means through which a company may be required to disclose in-house legal advice it holds.
- Companies should use attorneys-at-law and patent and trademark attorneys, rather than in-house counsel, for the most critical legal advice and matters, in order to benefit from attorney-client privilege. Documents must be marked as privileged and must not be shared with third parties.

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