

**D077934**

CALIFORNIA COURT OF APPEAL  
FOURTH APPELLATE DISTRICT, DIVISION ONE

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**NOVARTIS PHARMACEUTICALS CORP.,**

*Defendant & Petitioner,*

v.

**SUPERIOR COURT FOR THE COUNTY OF SAN DIEGO,**

*Respondent;*

**T.H. and C.H.,**

*Plaintiffs & Real Parties in Interest.*

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No. 37-2013-00070440-CU-MM-CTL  
Hon. Jeffrey B. Barton  
Superior Court for the County of San Diego

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**Return to Petition for Writ of Mandate;  
Memorandum of Points & Authorities in Support**

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## INTRODUCTION

This is a personal-injury action involving the prescription drug “terbutaline,” an FDA-approved asthma medication.

Real Parties in Interest (“Plaintiffs”) are fraternal twins who suffered prolonged prenatal exposure to terbutaline after an OB/GYN prescribed it for their mother to stop preterm labor. As a result, Plaintiffs suffer from permanent neurological disorders.

Plaintiffs brought this action against Novartis, a former terbutaline manufacturer. Plaintiffs allege that Novartis knew (1) terbutaline was common widely used to treat preterm labor (and had illegally promoted it for that purpose), and (2) that terbutaline was potentially hazardous to fetal neurological development.

Plaintiffs allege that, despite that knowledge, Novartis chose not to issue needed warnings regarding the risks terbutaline posed to fetal neurological health out of “fear an adequate warning would damage the market share for the drug.” (*T.H. v. Novartis Pharmaceuticals Corp.* (2017) 4 Cal.5th 145, 184.)

This petition concerns a chain of emails between two Novartis executives, David Catalano and Sean Reilly, which underscore that Novartis emphasized profits over patient safety.

Novartis provided the entire email chain between Catalano and Reilly in discovery. And Novartis allowed Plaintiffs to question Catalano about his email to Reilly at Catalano’s deposition. But when Plaintiffs attempted to inquire about Reilly’s responsive email to Catalano, Novartis’s counsel suddenly objected, asserting—to Plaintiffs’ surprise—that Reilly was in-house counsel at Novartis. As the trial court would later find, in that

moment, “[b]oth sides discovered” that the Reilly email “may have been inadvertently produced.” (1 PE 13.)<sup>1</sup>

Notably, Novartis’s counsel did not ask Plaintiffs to return the Reilly email. Instead, counsel indicated that “[w]e can take up later what the consequences of this disclosure are.” (3 PE 356.)

But in the nearly **five months** after Catalano’s deposition, Novartis did absolutely nothing about the Reilly email. When Novartis finally asked Plaintiffs to return the email **134 days** later, Plaintiffs refused, noting that Novartis waived privilege by failing to act promptly to retrieve the email.

When this dispute came before the trial court, it agreed that Novartis “abandoned its assertion of privilege” over the Reilly email when it failed to make a “prompt request for return of [it]” after realizing it had been produced. (1 PE 13.)

That ruling should be affirmed: Under the stipulated protective order *and* California law, a party who inadvertently produces privileged material waives privilege unless it pursues all reasonable means of securing the material.

Alternatively, the court’s ruling can be affirmed because Novartis waived privilege over Reilly’s email to Catalano when Novartis voluntarily gave Plaintiffs Catalano’s email to Reilly.

Finally, the trial court’s ruling can be affirmed on the ground that Novartis did not carry its burden to establish that the Reilly email was privileged in the first place.

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<sup>1</sup> Citations to petition exhibits appear as **(vol# PE page#)**. Citations to Novartis’s petition appear as **(Pet. at p., #)**.



## **RETURN BY ANSWER TO PETITION FOR MANDATE**

Plaintiffs, in answer to Novartis's writ petition seeking mandate or other appropriate relief, admit, deny, and allege as follows:

### **A. Parties**

1. Plaintiffs admit the allegations in Paragraph 1 of the petition.
2. Plaintiffs admit the allegations in Paragraph 2 of the petition.
3. Plaintiffs admit the allegations in Paragraph 3 of the petition.

### **B. Factual background**

4. Plaintiffs admit the allegations in Paragraph 4 of the petition.
5. Plaintiffs admit the allegations in Paragraph 5 of the petition.
6. Plaintiffs admit the allegations in Paragraph 6 of the petition.
7. Plaintiffs deny the allegations in Paragraph 7 of the petition. The protective order requires a receiving party to return inadvertently produced privilege material when the receiving party determines the material "is protected by the attorney-client privilege." (1 PE 23.)
8. Plaintiffs deny the allegations in Paragraph 8 of the petition. The protective order plainly states that a producing party

who inadvertently produces privileged information waives privilege unless “a request for return of such inadvertently produced Privileged Information (“clawback”) is made promptly after the Producing Party learns of its inadvertent production.” (1 PE 23.)

9. Plaintiffs admit the allegations in Paragraph 9 of the petition.

10. Plaintiffs admit the allegations in Paragraph 10 of the petition.

11. Plaintiffs admit the allegations in Paragraph 11 of the petition.

12. Plaintiffs admit the allegations in Paragraph 12 of the petition, except that Plaintiffs deny the implication that they were aware prior to January 15, 2020, that the Reilly email had been produced to them, and therefore Plaintiffs deny the allegation that they were “in contravention of the Protective Order’s requirements.”

13. Plaintiffs admit the allegations in Paragraph 13 of the petition.

14. Plaintiffs admit the allegations in Paragraph 14 of the petition except for the implication that counsel’s comment was necessarily an invitation for Plaintiffs’ counsel to reach out to Novartis’s counsel about the issue and not vice versa.

15. Plaintiffs admit the allegations in Paragraph 15 of the petition.

16. Plaintiffs admit the allegations in Paragraph 16 of the petition.

17. Plaintiffs admit the allegations in Paragraph 17 of the petition, but deny any suggestion that Plaintiffs made a conscious effort to lodge the Reilly email with the trial court.

18. Plaintiffs admit the allegations in Paragraph 18 of the petition insofar as Plaintiffs admit that Novartis sent a letter regarding the Reilly email on May 28, 2020. Plaintiffs lack information sufficient to admit or deny why Novartis sent the letter or when Novartis remembered that the Reilly email had been in Plaintiffs' custody for nearly five months since the deposition of Mr. Catalano on January 15, 2020.

19. Plaintiffs admit the allegations in Paragraph 19 of the petition.

20. Plaintiffs admit the allegations in Paragraph 20 of the petition.

21. Plaintiffs admit the allegations in Paragraph 21 of the petition.

22. Plaintiffs admit the allegations in Paragraph 22 of the petition.

23. Plaintiffs admit the allegations in Paragraph 23 of the petition.

24. Plaintiffs admit the allegations in Paragraph 24 of the petition.

25. Plaintiffs admit the allegations in Paragraph 25 of the petition.

26. Plaintiffs admit the allegations in Paragraph 26 of the petition, except that deny those allegations to the extent they imply that the court's ruling was *only* based on Novartis's failure

to diligently attempt to retrieve the Reilly email. In addition, the trial court found that Novartis “fail[ed] to pursue and protect any applicable attorney-client privilege over the document” because “[i]n the motion to seal itself, filed many months after the inadvertent production discovery, there was no reference to attorney client privilege and no requested ‘clawback.’ The court notes that the first time this issue was raised to the court was in the reply to plaintiff’s opposition to the motion to seal many documents including Exhibit 12.” (1 PE 13.)

27. Plaintiffs admit the allegations in Paragraph 27 of the petition.

28. Plaintiffs admit the allegations in Paragraph 28 of the petition.

29. Plaintiffs admit the allegations in Paragraph 29 of the petition.

**C. Basis for relief**

30. Plaintiffs deny the allegations in Paragraph 30 of the petition.

31. Plaintiffs admit the allegations in Paragraph 31 of the petition, except Plaintiffs lack information to admit or deny whether other attorneys “are currently soliciting additional plaintiffs.”

32. Plaintiffs admit the allegations in Paragraph 32 of the petition.

33. Plaintiffs admit the allegations in Paragraph 33 of the petition.

34. Plaintiffs lack information to admit or deny the allegations in Paragraph 34 of the petition, and therefore deny those allegations.

35. Plaintiffs deny the allegations in Paragraph 35 of the petition.

36. Plaintiffs deny the allegations in Paragraph 36 of the petition.

**D. Authenticity of exhibits**

37. Plaintiffs admit the allegations in Paragraph 37 of the petition.

**E. Timeliness of petition**

38. Novartis did not address the timeliness of its petition. Plaintiffs allege that the petition is premature because, as Novartis alleges in paragraph 27 of its petition, “[a]n Order has not been entered yet regarding this ruling.” Accordingly, Plaintiffs submit that the issue is not ripe for writ review and this Court lacks appellate jurisdiction to review it.

**PRAYER FOR RELIEF**

Wherefore, Plaintiffs pray as follows:

1. For this Court to deny the petition for writ of mandate or other appropriate relief;
2. For an award of costs incurred by Plaintiffs in opposing that writ petition; and
3. For this Court to make such other orders as it may deem just and proper.

Dated: 11/16/20

By: /s/ Benjamin I. Siminou  
Benjamin I. Siminou  
SIMINOU APPEALS, INC.

Counsel for Plaintiffs & Real Parties in Interest  
T.H. & C.H.

## VERIFICATION

I, Benjamin I. Siminou, hereby declare that I am a duly licensed attorney, and that I am counsel of record for Plaintiffs and Real Parties in Interest.

I have read the foregoing “Return to Petition for Writ of Mandate” and have personal knowledge of its contents, which are true to the best of my knowledge. I have verified this “Return to Petition for Writ of Mandate” because it involves issues and allegations which were presented to the Respondent Court, which are within my personal knowledge.

I declare under penalty of perjury under the laws of the State of California that the foregoing is true and correct.

Executed November 16, 2020, at Temecula, California.

/s/ Benjamin I. Siminou

Benjamin I. Siminou, Esq.

## MEMORANDUM OF POINTS & AUTHORITIES

### A. BACKGROUND

#### 1. The dispute regarding the Reilly email

This case concerns allegations that Novartis negligently failed to update the warning label of its drug, terbutaline, with necessary warnings regarding its potential to cause neurological damage to a developing fetus.

Cognizant that terbutaline was commonly used “off-label” to pregnant women to treat preterm labor, the FDA asked Novartis to formally apply for FDA approval so it could formally evaluate terbutaline’s safety and efficacy for treating preterm labor. (E.g., 3 PE 366.)

This writ petition concerns a chain of emails between two Novartis executives—David Catalano and Sean Reilly—that Novartis provided in discovery. In those emails, Reilly and Catalano discuss Novartis’s historical rationale for refusing the FDA’s request to submit terbutaline for FDA review as a treatment for preterm labor. (2 PE 279.)

Should they be permitted to show them to a jury, Plaintiffs will offer the emails between Reilly and Catalano as evidence that Novartis prioritized its profits over patient safety when it chose not to add stronger warnings to the terbutaline label despite the known risks to fetal neurological health.

Plaintiffs deposed Catalano on **January 15, 2020**. Novartis allowed Plaintiffs to question Catalano about his email to Reilly, but when Plaintiffs attempted to inquire about Reilly’s responsive



email to Catalano, Novartis’s counsel suddenly objected, asserting—to Plaintiffs’ surprise—that Reilly was in-house counsel at Novartis. (3 PE 355–356.) As the trial court would later find, in that moment, “[b]oth sides discovered” that the Reilly email “may have been inadvertently produced.” (1 PE 13.) Rather than ask for the Reilly email back, Novartis’s counsel indicated that “[w]e can take up later what the consequences of this disclosure are,” and the parties moved on. (3 PE 356.)

In the nearly **five months** following the Catalano deposition, Novartis—having apparently forgotten about the issue (2 PE 313)—did absolutely nothing to mitigate its disclosure of the Reilly email, which not only remained in Plaintiffs’ custody, but also remained an exhibit to the Catalano deposition and was set forth, verbatim, in the record itself. (3 PE 355–356.)

On **May 1, 2020 (107 days** after the Catalano deposition), Plaintiffs inadvertently included the entire Reilly–Catalano email chain as “Exhibit 12” to their 1,168-page lodgment in support of their opposition to Novartis’s then-pending motion for summary judgment. Indeed, as Novartis points out, “[a]lthough plaintiffs attached the entire email chain—including the privileged communication—to their summary judgment opposition, *they make no reference to the privileged communication in their opposition.*” (Pet. at p. 20, italics added; see also Pet. at p. 11 [noting that the Reilly email “was not discussed in plaintiffs’ brief; the other emails in the chain that were referenced are not at issue here.” Italics original.]) Moreover, Plaintiffs lodged the email chain under seal. (See Pet. a p. 11 [noting that the Reilly email

“had not been placed on the docket and thus was not made publicly available”].)

On **May 21, 2020**, Plaintiffs—still unaware that the Reilly email was included in their lodgment—notified Novartis that, pursuant to the parties’ stipulated protective order, they intended to file a motion with the trial court asking it to strip the confidentiality from a number of documents, including “Exhibit 12.” (2 PE 262.)<sup>2</sup>

On **May 28, 2020** (134 days after the Catalano deposition), Novartis sent Plaintiffs a letter requesting—for the first time—that Plaintiffs return the Reilly email. (1 PE 197.) Notably, the letter did *not* ask Plaintiffs to retrieve the Reilly email from their existing lodgment with the trial court, which remained under seal.

On **May 29, 2020**, Plaintiffs advised Novartis that it had waived any privilege regarding the Reilly email by failing to promptly seek its return. (1 PE 199.)

On **June 2, 2020**, Novartis filed a motion to permanently seal all of the Novartis documents Plaintiffs lodged in support of their opposition to Novartis’s motion for summary judgment, including “Exhibit 12.” (1 PE 85.) Notably, Novartis’s moving papers failed to assert privilege as a basis to seal the Reilly email in “Exhibit 12.”

On **June 22, 2020** (159 days after the Catalano deposition), Novartis finally asked the court reporter to remove the Reilly email from the exhibits to Catalano’s deposition. (2 PE 311.)

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<sup>2</sup> Due to a clerical error, a hearing on this motion was never reserved, although Plaintiffs filed their moving papers.

On **June 24, 2020** (161 days after the Catalano deposition), Novartis and Plaintiffs held a telephonic meet-and-confer during which Plaintiffs reaffirmed their position that Novartis had waived privilege by, among other things, failing to diligently raise the issue after Catalano’s deposition. (Pet. at p. 11 [¶ 20].) (During that call, Plaintiffs also expressed their doubt that the email was privileged in the first place.)

On **July 13, 2020**, Plaintiffs opposed Novartis’s motion to seal the Reilly email, noting that although Novartis had not discussed privilege in its motion papers, Novartis had waived privilege by failing to diligently retrieve the email following the Catalano deposition, and by voluntarily producing Catalano’s email to Reilly. (3 PE 343–348.) Plaintiffs further argued that the emails were not privileged in the first place. (*Ibid.*)

On **July 17, 2020**, Novartis filed a reply in support of its motion to seal. In it, Novartis argued—for the first time—that the Reilly email in “Exhibit 12” should be sealed as a privileged email.

Along with its reply, Novartis submitted a declaration from a Novartis executive, Suzanne Brabant. But the only thing Brabant’s four-page declaration offered regarding the privilege issue was a single sentence at the very end: “During the relevant time period, and currently, Sean Reilly served as NPC’s in-house counsel providing legal advice on a variety of issues.” (1 PE 177.)

## **2. The trial court’s ruling regarding the Reilly email**

After supplemental briefing (1 PE 186–191; 1 PE 209–215), and three separate hearings on the Reilly email (2 PE 257–272; 2 PE 276–302; 2 PE 303–323), the trial court issued its ruling.

Notably, the trial court did *not* find that the Reilly email was privileged. Instead, it found that Novartis waived “any applicable privilege” regarding the Reilly email when it “failed to pursue and protect” it in two ways:

First, the trial court found that Novartis “abandoned” any applicable privilege when it failed to make a “prompt request for return of the [Reilly email]” after learning it had been inadvertently produced at Catalano’s deposition. (1 PE 13.)

Second, the trial court found that Novartis waived any privilege by failing to raise the attorney-client privilege in the very motion to seal that was before the court:

In the motion to seal itself, filed many months after the inadvertent[-]production discovery, there was no reference to attorney client privilege and no requested ‘clawback.’ The court notes that the first time this issue was raised to the court was in the reply to plaintiff’s opposition to the motion to seal many documents including Exhibit 12.

(1 PE 13.)

## B. STANDARD OF REVIEW

Novartis seeks review of the trial court's finding that it waived the attorney-client privilege. Novartis claims that a de novo standard of review applies to a waiver finding. (Pet. at p. 16.)

But “[s]ubstantial evidence is ... the controlling standard” in determining whether a party waived privilege. (*McDermott Will & Emery LLP v. Superior Court* (2017) 10 Cal.App.5th 1083, 1102.)

Under the substantial-evidence standard, this Court “resolve[s] all conflicts and draw all reasonable inferences from the evidence in favor of the trial court's order.” (*McDermott, supra*, 10 Cal.App.5th at p. 1105.) To that end, an appellate court must infer the trial court “made all favorable findings that are supported by substantial evidence,” whether or not they are expressly stated in the order. (*Id.* at p. 1103.)

Moreover, “[e]ven if the facts were admitted or undisputed, [an] appellate court will not substitute its deductions for the reasonable inferences actually or presumptively drawn by the trial court.” (*McDermott, supra*, 10 Cal.App.5th at p. 1102, internal quotation marks omitted, quoting Eisenberg et al., Cal. Practice Guide: Civil Appeals and Writs (The Rutter Group 2016) ¶ 8:60, p. 8-29.)

Finally “[u]nder the substantial evidence standard of review, [this Court] may not reverse a trial court's ruling unless the [petitioner] shows the evidence required the trial court to reach a different conclusion.” (*McDermott, supra*, 10 Cal.App.5th at p. 1106.)

## C. ARGUMENT

The balance of this brief proceeds in three parts:

**Part 1** explains that Novartis waived any applicable privilege over the Reilly email in at least three different ways, any one of which is sufficient to affirm the trial court’s ruling. This includes an alternative ground—raised below but not reached by the trial court—that Novartis waived any applicable privilege over Reilly’s email to Catalano when Novartis voluntarily gave Plaintiffs a copy of Catalano’s email to Reilly.

**Part 2** explains that the trial court’s order can be affirmed on the alternative ground—again, raised below but not reached by the trial court—that Novartis failed to carry its burden to show that the Reilly email was actually privileged in the first place.

**Part 3** addresses Novartis’s gratuitous argument that Plaintiffs violated the so-called “*State Fund* rule.” Although this issue is not before the Court, Plaintiffs nonetheless address it because it concerns the character of their counsel and reveals the fundamental fallacy of Novartis’s entire petition.

### 1. **Novartis waived any privilege applicable to the Reilly email.**

As discussed in the subsections that follow, Novartis waived any privilege that might have otherwise applied to the Reilly email in at least three different ways, any one of which is sufficient to affirm the trial court’s ruling.

**1.1 Novartis waived any privilege applicable to the Reilly email by not taking reasonable steps to pursue and protect privilege.**

The trial court found that Novartis “abandoned”—and, thus, waived—“any applicable attorney-client privilege over the [Reilly email]” when it failed to make a “prompt request for return of the inadvertent production.” (1 PE 13.)

In so holding, the trial court cited the stipulated protective order in this case, an agreement that Novartis drafted. (1 PE 15.) Section 7(c) of the protective order states that “[t]he inadvertent production or disclosure by a Producing Party of materials subject to the attorney-client privilege ... will not waive the applicable privilege and/or protection ... *if a request for return of such inadvertently produced Privileged Information (“clawback”) is made promptly after the Producing Party learns of its inadvertent production.*” (1 PE 23, italics added.)

The trial court took that language to mean that the inadvertent production of privileged material waives privilege where the producing party does not “promptly” seek to retrieve those materials after learning that they were inadvertently produced. (1 PE 13.)

Here, the trial court found that “[b]oth sides discovered at the same time that the document may have been inadvertently produced, during the deposition of Mr. Catalano on **January 15, 2020.**” (1 PE 13, boldface added.) And the trial court found that Novartis did *absolutely nothing* about that email—much less seek its return—until **May 28, 2020**, some **134 days** later. (1 PE 197.) Ultimately, the trial court found that this did not constitute

“prompt” action, and therefore that under the terms of the protective order, Novartis “abandoned its assertion of privilege.” (1 PE 13.)

Notably, Novartis does not actually dispute any of those findings. Instead, Novartis offers several arguments why its failure to promptly try to retrieve the Reilly email did not waive privilege. All fail.

**First**, Novartis disputes the trial court’s interpretation of the waiver provision in section 7(c).

According to Novartis, the waiver provision in section 7(c) of the protective order only applies if a producing party (1) somehow discovers *on its own* that it inadvertently produced privileged material and (2) “fails to inform opposing counsel of [that fact].” (Pet. at p. 21.) Thus, according to Novartis, had it discovered on its own that it produced the Reilly email, the waiver provision in section 7(c) *might* have put the onus on Novartis to promptly retrieve it. But because Novartis learned that it had produced the Reilly email *through Plaintiffs*, Novartis claims that it was under no obligation to ask for the email back, promptly or otherwise.

There are numerous problems with that interpretation.

For one, that reading is foreclosed by the plain language of the protective order itself. By its plain terms, the waiver provision broadly applies when the “Producing Party learns of its inadvertent production,” and is completely silent as to *how* the producing party acquired that knowledge. (1 PE 23.) When interpreting written instruments, “[a] court does not have the power to create for the parties [an agreement] which they did not



make, and it cannot insert in the [agreement] language which one of the parties now wishes were there.” (*Levi Strauss & Co. v. Aetna Casualty & Surety Co.* (1986) 184 Cal.App.3d 1479, 1486.)

Moreover, when interpreting a written instrument, courts strive “to avoid interpretations that render any portion superfluous.” (*Brandwein v. Butler* (2013) 218 Cal.App.4th 1485, 1507.) But Novartis’s interpretation of the waiver provision would do just that. Logically, a receiving party who never learns that it received privileged material will not have an opportunity to claim that the producing party waived privilege by doing so. And even a receiving party who *is* eventually told it inadvertently received privileged material still has no way of knowing how long the producing party has known about that fact, and would thus have no basis to argue the producing party waived privilege by not acting sooner. Thus, Novartis’s strained reading of the waiver provision in section 7(c) would render it a dead-letter.

Lastly, Novartis’s interpretation of the waiver provision makes no sense. Regardless of *how* a producing party learns that it inadvertently produced a privilege document, the bigger issue is that *a privileged document is in enemy hands*. And the mere fact that a privileged document is in enemy hands calls for diligent action, regardless of whether a producing party realizes that fact on its own, or is put on notice by its opponent. It therefore makes no sense that a waiver provision would encourage diligent action in the former scenario but not the latter.

Thus, the trial court’s reading of the waiver provision in section 7(c) is the most sensible one: “[Novartis] abandoned its

assertion of privilege” over the Reilly email when Novartis failed to make “prompt request for return of the [email]” after it knew it had been produced. (1 PE 13.)

**Second**, Novartis argues that the trial court’s interpretation of the protective order is inconsistent with “relevant California law.” (Pet. at p. 6.) But in fact, California cases uniformly support the conclusion that Novartis waived any applicable privilege over the Reilly email when it failed to promptly seek its return.

In *O’Mary v. Mitsubishi Electronics America, Inc.* (1997) 59 Cal.App.4th 563, Mitsubishi Electronics “inadvertently produced” a document “during discovery.” (*Id.* at p. 577.) In rejecting the argument that Mitsubishi Electronics had waived privilege as a result, the court emphasized that “as soon as the error was discovered Mitsubishi Electronics’ counsel demanded it back.” (*Ibid.*)

In *State Compensation Insurance Fund v. WPS, Inc.* (1999) 70 Cal.App.4th 644, the court held that “[a] trial court called upon to determine whether inadvertent disclosure of privileged information constitutes waiver of the privilege” should consider “the promptness with which counsel [for the producing party] moved to secure return of the documents.” (*Id.* at pp. 652–653.)

In *Ardon v. City of Los Angeles* (2016) 62 Cal.4th 1176, the City of Los Angeles inadvertently produced privileged documents in response to a public-records request. On appeal, the Supreme Court doubted the City had waived privilege over the documents, emphasizing that the City had “promptly moved for their return after learning of their release.” (*Id.* at p. 1191.)

In *McDermott, supra*, 10 Cal.App.5th 1083, “Dick,” inadvertently forwarded a privileged email from his lawyer to third parties, who then forwarded the email to Dick’s opponent, “Rick.” The court held that “[w]hen determining whether an inadvertent disclosure waived the attorney-client privilege, ... relevant considerations include ... the promptness with which the holder sought return of the inadvertently disclosed document.” (*Id.* at p. 1102.) Thus, in finding that Dick had not waived privilege, the court emphasized “that Dick’s counsel ... immediately asserted the attorney-client privilege when Rick’s lawyer first disclosed the e-mail *and demanded that he return all copies.*” (*Id.* at p. 1105, italics added.)

Unlike the privilege-holders in *O’Mary, State Fund, Ardon*, and *McDermott*, Novartis did *not* seek return of the Reilly email when “[b]oth sides discovered at the same time that the document may have been inadvertently produced, during the deposition of Mr. Catalano on January 15, 2020.” (1 PE 13.) Instead, Novartis’s counsel indicated that “[w]e can take up later what the consequences of this disclosure are” (3 PE 356), and then Novartis promptly forgot about the Reilly email for nearly five months.

Rather than the proactive privilege-holders in *O’Mary, State Fund, Ardon*, and *McDermott*, Novartis is more akin to the dilatory privilege-holder in *United States v. de la Jara* (9th Cir. 1992) 973 F.2d 746, a Ninth Circuit decision this Court endorsed in *Regents of the University of California v. Superior Court* (2008) 165 Cal.App.4th 672, 681–682.

In *de la Jara*, the federal government seized a privileged document during a raid of the defendant's business. Six months later, the government offered the document into evidence at trial. The defendant objected on privilege grounds, but the trial court overruled. The defendant was convicted and appealed.

The Ninth Circuit affirmed on appeal, holding that de la Jara waived privilege when he failed "to pursue all reasonable means of preserving the confidentiality of the privileged matter." (*Id.* at p. 750.) In particular, the Ninth Circuit emphasized that "[d]e la Jara did nothing to recover the letter ... during the six month interlude between its seizure and introduction into evidence." (*Id.* at p. 750.) The Ninth Circuit explained that "[b]y immediately attempting to recover the letter, [de la Jara] could have minimized the damage caused by the breach of confidentiality," but that "[a]s a result of his failure to act, ... he allowed 'the mantle of confidentiality which once protected the document' to be 'irretrievably breached,' thereby waiving his privilege." (*Ibid.*, quoting *Permian Corp. v. United States* (D.C. Cir. 1981) 665 F.2d 1214, 1220.)

So too here, Novartis not only failed to ask for the Reilly email back, it did *absolutely nothing* regarding the Reilly email in the almost five-month interlude between Catalano's January 15 deposition and its May 28 clawback letter. Accordingly, just as the Ninth Circuit found that de la Jara failed "to pursue all reasonable means of preserving the confidentiality of the privileged matter" (*de la Jara*, 973 F.2d at p. 750), the trial court was likewise justified in finding that Novartis "failed to pursue and protect any

applicable attorney-client privilege over the [Reilly email]” and had thus “abandoned its assertion of privilege.” (1 PE 13.)

**Third**, although Novartis concedes it did nothing to retrieve the Reilly email for nearly five months, Novartis remains adamant it “did all it needed to protect the privilege.” (Pet. at p. 23.) Here, Novartis refers to the fact that at Catalano’s deposition its counsel objected, on privilege grounds, to a question about the Reilly email. (*Id.* at p. 19.) According to Novartis, after that, “NPC had to do *nothing more* to protect the privilege.” (*Ibid.*, italics original.)

But the mere fact Novartis objected when Plaintiffs tried to question Catalano about the Reilly email did not absolve Novartis of a continuing duty to take reasonable steps to secure the Reilly email.

As this Court observed in *Regents*, whenever a party’s privileged materials have fallen into opponents’ hands, courts “will deem the privilege to be waived if the privilege holder fails to pursue all reasonable means of preserving the confidentiality of the privileged matter.” (*Regents, supra*, 165 Cal.App.4th at p. 681, internal quotation marks omitted, quoting *de la Jara, supra*, 973 F.2d at p. 750; see also *Regents, supra*, 165 Cal.App.4th at p. 683 [“[W]hen privileged documents have been disclosed ... inadvertently in the course of civil discovery, no waiver of the privilege will occur *if the holder of the privilege has taken reasonable steps under the circumstances to prevent disclosure.*” Italics added.]; *McDermott, supra*, 10 Cal.App.5th at p. 1118 [to avoid waiver, privilege-holder has the burden to protect its

privilege by “taking reasonable steps to ... recover inadvertently disclosed materials”].)

Thus, the mere fact Novartis objected when Plaintiffs tried to question Catalano about the Reilly email did not preclude the trial court from finding that Novartis subsequently abandoned the privilege: “[N]othing in Evidence Code section 912 indicates that an assertion of a privilege at one time precludes its waiver by conduct at a later time.” (*Calvert v. State Bar* (1991) 54 Cal.3d 765, 780, fn. 5.)

And here, the trial court was justified in its finding that “[a]lthough Defendant’s counsel objected at the deposition,” Novartis subsequently “abandoned its assertion of privilege” when it “failed to pursue and protect ... the document” thereafter. (1 PE 13.)

The decision in *McDermott, supra*, 10 Cal.App.5th 1083, is particularly instructive here. Recall that in *McDermott*, “Dick,” inadvertently forwarded a privileged email from his lawyer to third parties, who then forwarded that email to Dick’s opponent, “Rick.”

In sharp contrast to Novartis’s counsel, each time the privileged email surfaced at a deposition in *McDermott*, Dick’s lawyers would (1) immediately “object[] that the e-mail was privileged,” and (2) ask Rick’s lawyers “to return all copies of the e-mail.” (*McDermott, supra*, 10 Cal.App.5th at p. 1096; see also *id.* at pp. 1096–1098.) Moreover, less than a month after the privileged email first surfaced at a deposition in *McDermott*, Dick’s attorney followed up with Rick’s lawyer *in writing*, a step that led

Rick's lawyers to "agree to preserve the e-mail's privileged status while they attempted to resolve the dispute over whether Dick waived the privilege." (*McDermott, supra*, at 10 Cal.App.5th at p. 1098.)

*McDermott* teaches that rather than "pursuing all reasonable means of preserving the confidentiality" of the Reilly email (*de la Jara, supra*, 973 F.2d at p. 750), Novartis did the *bare minimum* by simply asserting a privilege objection at Catalano's deposition when the email first surfaced, then doing absolutely nothing about the email for nearly five months.

Instead, like the privilege-holder in *McDermott*, Novartis should have taken additional steps to protect the privilege by (1) requesting a return of the document, and perhaps most importantly, by (2) promptly following up with Plaintiffs about the issue *after Catalano's deposition*.

Here, the latter step would have been particularly helpful: Whereas a brief objection to a document on privilege grounds in the middle of a deposition is easily forgotten (2 PE 313), a letter (or phone call) shortly after the Catalano deposition would have at least reminded Plaintiffs to segregate that email until the parties could resolve any disputes about its privileged status if it would not, in fact, have caused Plaintiffs to simply return it. At a minimum, this simple step would likely have prevented Plaintiffs from inadvertently lodging a sealed copy of the Reilly email with the rest of that email chain when Plaintiffs filed their opposition to Novartis's motion for summary judgment.

Ultimately, then, the trial court was fully justified in finding that, “[a]lthough [Novartis]’s counsel objected at the deposition,” Novartis subsequently “abandoned its assertion of privilege” when it “failed” do anything else “to pursue and protect any applicable attorney-client privilege over the [Reilly email]” in the nearly five months thereafter. (1 PE 13.)

**Fourth**, Novartis argues that Plaintiffs somehow “mislead NPC into waiving privilege” by “remain[ing] silent for more than three months.” (Pet. at pp. 19, 23.)

This argument fails for the simple reason that, as just discussed, Novartis had the nondelegable duty to protect its own privilege by “taking reasonable steps to ... recover inadvertently disclosed materials.” (*McDermott, supra*, 10 Cal.App.5th at p. 1118.) Thus, no amount of inactivity by Plaintiffs can justify Novartis’s failure to take simple, minimally burdensome steps to protect its own privilege. (*Ibid.*)

Moreover, Novartis’s argument that Plaintiffs’ inactivity gave Novartis “the impression that they were complying with their obligation[s]” (Pet. at pp. 19, 23), is contradicted by Novartis’s argument, elsewhere in its petition, that Plaintiffs were obligated to “immediately return [the email] and all copies to NPC.” (Pet. at p. 18, internal quotes omitted.) If Novartis actually believes that is true, then Plaintiffs’ inactivity should have given Novartis even more reason to follow-up, not a reason to sit on its hands.



**1.2 Novartis waived any privilege applicable to the Reilly email by failing to assert privilege in its motion to seal that email.**

The trial court also found that Novartis waived any applicable privilege over the Reilly email by failing to assert privilege in a subsequent motion to seal that email:

In the motion to seal itself, filed many months after the inadvertent[-]production discovery, there was no reference to attorney client privilege and no requested ‘clawback.’ The court notes that the first time this issue was raised to the court was in the reply to plaintiff’s opposition to the motion to seal many documents including Exhibit 12.

(1 PE 13.)

The trial court was justified in finding that Novartis waived privilege over the Reilly email by failing to assert it in its motion to seal: Under California law, a court may infer “[c]onsent to disclosure” of privileged material from the “failure to claim the privilege in any proceeding in which the holder has legal standing and opportunity to claim the privilege.” (Evid. Code, § 912.)

And here, Novartis’s failure to assert privilege in its motion to seal was particularly glaring because the Reilly email was a hot topic among the parties when Novartis filed that motion on **June 2, 2020**. (1 PE 197.) Indeed, Novartis had just sent a clawback letter about that email to Plaintiffs four days earlier, on **May 28, 2020**. (1 PE 197.)

When pressed to explain its failure to assert privilege in its motion to seal, Novartis explained that *intentionally* chose not to assert privilege “because we were in an active meet and confer

posture with plaintiffs regarding the privilege issue that had not at that point become ripe.” (2 PE 309.)

But that explanation is absurd: On May 29, 2020—three days before Novartis filed its motion to seal—Plaintiffs responded to Novartis’s clawback request with an unequivocal assertion that Novartis had waived any privilege over the Reilly email by waiting 134 days to seek its return. (1 PE 154.)

Thus, Novartis knew it had a fight on its hands regarding the Reilly email well before it filed its motion to seal. As such, a reasonably prudent party would have taken the simple step of asserting privilege in its motion to seal the Reilly email. After all, as Novartis points out, where parties cannot come to an agreement regarding the privileged status of inadvertently produced material, that dispute must ultimately be resolved by a court. (E.g., Pet. at p. 18.) Of course, the motion to seal offered Novartis an opportunity to do just that.

For whatever reason, Novartis chose not to avail itself of that opportunity until it filed its reply papers. This not only served to waive the privilege argument as a procedural matter (*In re Marriage of Ackerman* (2006) 146 Cal.App.4th 191, 214), it was yet another manifestation of Novartis’s lack of urgency and overall “fail[ure] to pursue and protect any applicable attorney-client privilege over the document.” (1 PE 13.)

### **1.3 Novartis waived any privilege applicable to the Reilly email by voluntarily providing Catalano’s email.**

“It is a fundamental precept of appellate practice that [appellate courts] review the superior court’s ruling, not its rationale.” (*Department of Personnel Administration v. Cal. Correctional Peace Officers Assn.* (2007) 152 Cal.App.4th 1193, 1201.) Accordingly, as this Court has recognized, “[a] respondent [may] assert a legal theory that will result in affirmance of the [ruling] notwithstanding an appellant’s contentions.” (*Preserve Poway v. City of Poway* (2016) 245 Cal.App.4th 560, 586, citing Code Civ. Proc., § 906.)

And as Plaintiffs argued below, the trial court’s order can be affirmed on the alternative ground that Novartis waived any applicable privilege over the entire Reilly–Catalano email chain when it voluntarily gave Plaintiffs the “client” half of that supposed attorney-client exchange (i.e., Catalano’s email to Reilly). (1 PE 126; 1 PE 213–214.)

In the trial court, Novartis tried to justify its decision to produce Catalano’s email to Reilly on the theory that Catalano’s email “did not contain any attorney-client privileged information.” (1 PE 161, fn. 3.) But in its petition, Novartis argues that, “under California law, it is *the relationship between attorney and client, not the substance of the communication*, that determines privilege.” (Pet. at 17, fn. 3, italics added, citing *McAdam v. State Nat. Ins. Co.* (S.D. Cal. 2014) 15 F.Supp.3d 1009, 1015.)

Thus, if *Reilly’s email to Catalano* was privileged on theory it was sent in the course of an “attorney-client relationship,” it

necessarily follows that *Catalano's email to Reilly* was also privileged. After all, the attorney-client privilege not only prevents a client from being forced to divulge a lawyer's communication to him, but also—and perhaps more importantly—it serves to ensure that “[t]he client cannot be compelled to answer the question, ‘What did you say or write to the attorney?’” (E.g., *Upjohn Co. v. United States* (1981) 449 U.S. 383, 396.)

Under California law, privilege “is waived with respect to a communication protected by the privilege if any holder of the privilege, without coercion, has disclosed a significant part of the communication.” (Evid. Code, § 912, subd. (a), italics added.) Notably, “the term ‘communication’ deserves, in this context, a liberal construction.” (*Jones v. Superior Court* (1981) 119 Cal.App.3d 534, 547, overruled on other grounds in *Williams v. Superior Court* (2017) 3 Cal.5th 531.)

Accordingly, if the Reilly–Catalano exchange was truly one between “attorney” and “client,” then Novartis’s decision to voluntarily provide a “significant part” of that exchange—Catalano’s supposed “client” email to his “attorney,” Reilly—served to waive privilege as to the whole.

*Jones, supra*, 119 Cal.App.3d 534, is particularly instructive on this point. In *Jones*, a woman sued several drug manufacturers for injuries she sustained as a result of *in utero* exposure to a drug, DES. At her deposition, the plaintiff’s mother “answered questions about her medical history before and up to the time of plaintiff’s birth, recounting conversations with her physician, pharmacist, husband, and others regarding her pregnancy and the

administration of DES,” but “refused to answer any questions relating to her medical history after the birth of plaintiff,” citing the physician-patient privilege. (*Jones, supra*, 119 Cal.App.3d at p. 541.)

The defendant–drug manufacturers moved to compel information from the plaintiff’s mother regarding her medical history after the plaintiff’s birth, on the theory that plaintiff’s mother had waived any applicable physician-patient privilege as to that information by “making partial disclosures of privileged communications in support of her daughter’s cause.” (*Jones, supra*, 119 Cal.App.3d at pp. 545–546.)

Citing Evidence Code section 912, the *Jones* court agreed:

By testifying freely that she ingested DES, and as to certain of the circumstances in which she did so, [plaintiff’s mother] has disclosed a ‘significant part’ of her communications with physicians on that subject, and on the inextricably related subject of her pregnancy with plaintiff. Thus, she has waived her statutory privilege as to these matters.

Notably, *Jones* observed that “the scope of waiver” resulting from a partial disclosure of an otherwise privileged communication “is not limited to what the [disclosing party] intends.” (*Jones, supra*, 119 Cal.App.3d at p. 547.) Instead, *Jones* observed that “[t]here is always the objective consideration that when his ... conduct touches a certain point of disclosure, fairness requires that his privilege shall cease whether he intended that result or not.” (*Ibid.*, internal quotation marks omitted, quoting *Kerns Constr. Co. v. Superior Court* (1968) 266 Cal.App.2d 405, 414.)

Ultimately, *Jones* held that “[w]here the disclosure sought is so related to the disclosure already made that the [holder] could not reasonably retain a privacy interest in preventing it, ... it may be said that the privilege has been waived.” (*Jones, supra*, 119 Cal.App.3d at pp. 547–548.) Thus, as *Jones* explained, “[a] patient ... who has disclosed her conversation with a physician on Monday ought not be permitted to claim the privilege with respect to a conversation with the same physician relating to the same subject matter on Tuesday.” (*Id.* at p. 547.)

Also instructive are two California federal cases applying California law to virtually identical situations as this case.

In *Sony Computer Entertainment America, Inc. v. Great American Ins. Co.* (N.D.Cal. 2005) 229 F.R.D. 632, Sony had voluntarily produced an email from its outside attorney (“Luanne Sacks at Crosby, Heafy, Roach & May”) to “Andrew Vu,” one of Sony’s in-house lawyers. (*Id.* at p. 635.) Because Sony “did not contest that any privilege over [the email] had been waived through [its] disclosure,” the “only question for the Court” was “the scope of the waiver.” (*Ibid.*) Citing Evidence Code section 912, the *Sony* court concluded “that the proper scope of the waiver includes not only the actual contents of the Sacks e-mail, but also *any follow-up discussions between Crosby Heafy and [Sony] regarding the email.*” (*Ibid.*)

In *Garcia v. Progressive Choice Ins. Co.* (S.D.Cal. July 30, 2012, No. 11-CV-466-BEN-NLS) 2012 WL 3113172, a plaintiff sued her auto insurer, Progressive, for failing to reimburse her for the destruction of her vehicle. In discovery, Progressive produced

some emails between its employees and “Teresa Starineri, an outside attorney hired by Progressive during the investigation of Plaintiff’s claim.” (*Id.* at \*1.) But when Progressive found additional emails between Starineri and a claims adjuster (Elizabeth McAndrew), it withheld them, and asserted “attorney-client and work[-]product privileges with respect to the withheld communications.” (*Ibid.*)

Noting that the dispute was governed by Evidence Code section 912, the *Garcia* court held that “resolution of this issue turns on the definition and interpretation of the phrase ‘a significant part of the communication’” under section 912. (*Garcia, supra*, 2012 WL 3113172, at \*4.) Progressive argued that “this language treats each communication separately; that is, each e-mail is one communication,” such that “disclosure of one e-mail communication does not waive privilege with respect to another e-mail communication.” (*Ibid.*)

The *Garcia* court disagreed. Citing *Jones* and *Sony Computer*, the court held that, having already disclosed some emails between Starineri and Progressive employees, “it cannot be fairly said that Defendant retains a privacy interest in the withheld materials when they are contemporaneous with the disclosed items, involve the same claim, and are between the same individuals.” (*Garcia, supra*, 2012 WL 3113172, at \*6.)

In short, *Jones*, *Sony*, and *Garcia* teach that where a party discloses a privileged email between two individuals on a particular subject matter, then under Evidence Code section 912,

it has waived privilege as to any other contemporaneous emails between the same individuals on the same subject matter.

Of course, at issue here are two emails between Catalano and Reilly that are five minutes apart. (2 PE 355.) And as Novartis’s counsel noted in open court, both emails addressed the same topic: The reasons “why Novartis did not pursue an [FDA] indication for tocolysis.” (2 PE 279.) Thus, under *Jones*, *Sony*, *Garcia*, and Evidence Code section 912, Novartis forfeited any legitimate expectation of privacy in Reilly’s response to Catalano when it voluntarily produced Catalano’s email to Reilly.

This conclusion is strengthened by notions of fundamental fairness. Courts widely recognize that “it would be unfair for a party to insist on the protection of the attorney-client privilege for damaging communications while disclosing other selected communications because they are self-serving.” (*McCormick–Morgan, Inc. v. Teledyne Industries, Inc.* (N.D. Cal. 1991) 765 F.Supp. 611, 614.)

So too here, the email Novartis voluntarily provided (Catalano’s email to Reilly) offers the false, less-damaging rationale behind Novartis’s refusal to seek FDA approval to use terbutaline for preterm labor. (See 3 PE 371.) Meanwhile, the email Novartis seeks to suppress (Reilly’s response to Catalano) confirms the actual, more despicable rationale behind that business decision. (See 3 PE 355–356.) If it succeeds, Novartis’s selective disclosure will force the parties to perpetuate a fraud on the jury by offering a false narrative behind Novartis’s historic refusal to seek FDA approval to market terbutaline for preterm



labor. Thus, were this Court to grant Novartis’s requested relief, it would become an unwitting agent in Novartis’s effort to distort the truth through selective disclosure.

Accordingly, even if Novartis did not waive privilege when it (1) failed to diligently retrieve the Reilly email, or (2) neglected to assert privilege in its motion to seal that email, the trial court’s order should nonetheless be affirmed on the ground that Novartis waived any privilege that might have otherwise applied to Reilly’s email when it voluntarily produced Catalano’s email.

## **2. The Reilly email was not privileged.**

As just discussed, because this Court “review[s] the superior court’s ruling, not its rationale” (*Department of Personnel Administration*, 152 Cal.App.4th at p.1201), “[a] respondent [may] assert a legal theory that will result in affirmance of the [ruling].” (*Preserve Poway*, 245 Cal.App.4th at p. 586.)

In the trial court, Plaintiffs argued that Novartis had not carried its burden to show that the Reilly email was even privileged in the first place. (1 PE 125–126; 1 PE 210.) Tellingly, the trial court never concluded that the Reilly email was privileged. Instead, it held that Novartis “failed to pursue and protect *any applicable attorney-client privilege* over the document.” (1 PE 13.)

The trial court’s apparent doubt that the Reilly email was privileged is understandable because, as discussed below, there are two problems with Novartis’s effort to assert privilege regarding the Reilly email.

**First**, Novartis failed to establish the “preliminary facts” necessary to make a prima facie case of privilege.

As the party claiming privilege, Novartis had the burden to demonstrate that “the dominant purpose of the relationship between” Catalano and Reilly was “one of attorney-client.” (*Costco Wholesale Corp. v. Superior Court* (2009) 47 Cal.4th 725, 739–740.)

Because it did not raise privilege in its motion to seal, Novartis’s moving papers are wholly devoid of any information that might sustain that burden. This alone is a sufficient basis to conclude that Novartis failed to establish that the Reilly email was privileged. (*Reichardt v. Hoffman* (1997) 52 Cal.App.4th 754, 764 [“Points raised for the first time in a reply brief will ordinarily not be considered.”].)

But even Novartis’s second bite at the apple—its reply papers—were insufficient to sustain its burden. In support of its reply, Novartis offered a declaration from Suzanne Brabant, a Novartis executive. But perhaps highlighting Novartis’s true priorities, most of Brabant’s four-page declaration responds to Plaintiffs’ effort to unseal *other* Novartis documents unrelated to the Reilly email. Indeed, while Brabant had much to offer regarding why those *other* documents should be kept confidential, Brabant’s attention to the privilege issue consisted of a single, conclusory sentence tacked onto the end of her declaration: “During the relevant time period, and currently, Sean Reilly served as NPC’s in-house counsel providing legal advice on a variety of issues.” (1 PE 177.)

But in-house counsel often wear many hats. Beyond strictly providing legal advice, in-house counsel often provide business advice and fulfill risk-management functions, neither of which give rise to attorney-client relationships. (E.g., *Chicago Title Ins. Co. v. Superior Court* (1985) 174 Cal.App.3d 1142, 1154 [business advice]; *Aetna Casualty & Surety Co. v. Superior Court* (1984) 153 Cal.App.3d 467, 475 [business advice]; *Scripps Health v. Superior Court* (2003) 109 Cal.App.4th 529, 536 [accident prevention].)

And yet, Brabant's terse assertion that Reilly "provide[s] legal advice on a variety of issues," does nothing to establish that this was his predominant function at Novartis in general, let alone that this was the "dominant purpose" of his interaction with Catalano in particular. The insufficiency of Novartis's showing becomes manifest when it is compared with other cases.

In *Edwards Wildman Palmer LLP v. Superior Court* (2014) 231 Cal.App.4th 1214, the court found that the party asserting privilege (Shelton) "met [her] preliminary burden to establish the existence of an attorney-client relationship" with attorneys, "Swope" and "Christman." In reaching that conclusion, the court emphasized that Shelton "testified at her deposition that she considered Swope to be her attorney." (*Id.* at p. 1237.) Shelton also offered testimony from Swope "that he had numerous communications with Shelton in his capacity as general counsel for the purpose of advising her regarding her responses to [legal] complaints." (*Ibid.*) And "Christman declared that Shelton sought legal advice about [a legal] matter, and that he gave her such advice in his official capacity as Claims Counsel." (*Ibid.*)

In *Kerner v. Superior Court* (2012) 206 Cal.App.4th 84, the court found a plausible basis for an attorney-client relationship between “Kerner” (client) and “Woolverton” (attorney) in light of Kerner’s deposition testimony “that she sought legal advice from Woolverton ‘in all matters that involve any legal issues in my life,’ ... that Woolverton provided her with legal advice relating to various litigation matters, including her civil action for damages against Widom, her family law proceeding and the criminal case against Widom.” (*Id.* at p. 117.) Kerner also offered a declaration from Woolverton in which he stated:

Kerner began consulting with me for legal advice relating to the various legal matters in which she was involved with Richard Widom. ... I advised her on legal issues, assisted her in making legal decisions and, in connection with some of these matters, interfaced with her other legal counsel. ... I continue to serve as her legal counsel in all matters between Kerner and Widom, including the recent attack on her and the various legal needs that have arisen as a result thereof.

(*Kerner, supra*, 206 Cal.App.4th at p. 118, internal quotation marks omitted.)

In *Monaghan v. Telecom Italia Sparkle of North America, Inc.* (C.D.Cal. Oct. 15, 2013, No. CV13-00646-AB-PLA) 2013 WL 12203245, a special master addressed whether emails between employees of a company (TISNA) and in-house counsel at TISNA’s parent corporation (Carlo De Gennaro) were privileged under California law. In finding that a privilege existed, the special master emphasized a declaration from TISNA’s president in which he stated that he and other TISNA employees at his direction “sent

emails to Carlo de Gennaro ‘seeking legal advice and comment.’” (*Id.* at \*2.)

*Edwards, Kerner, and Monaghan*, teach that in order to carry its burden to establish that the “dominant purpose” of the relationship between Catalano and Reilly was one between attorney and client, Novartis needed to do something more than offer a terse declaration from a third Novartis employee that “Reilly served as NPC’s in-house counsel providing legal advice on a variety of issues.” (1 PE 177.) Instead, Novartis needed to offer something—such as a declaration from Catalano or Reilly, or both—showing the purpose of *their* professional relationship was for Catalano to secure legal advice from Reilly regarding certain aspects of Novartis’s business, and ideally, which aspects.

**Second**, in addition to an attorney-client relationship, the privilege requires a showing that the supposedly privileged communication was a “confidential communication.” (Evid. Code, § 952.) But the record provides ample reason to doubt that Novartis actually intended to keep the contents of the Reilly email confidential.

Indeed, as Novartis’s counsel noted in open court, the Reilly–Catalano exchange concerned the reasons “why Novartis did not pursue an [FDA] indication for tocolysis.” (2 PE 279.) And it is clear that Novartis did not consider this a “confidential” topic because Novartis voluntarily provided the Catalano half of that conversation.

Nor did Novartis keep secret the rationale expressed in the Reilly email behind its decision not to seek FDA approval to use

terbutaline for tocolysis. Novartis related that very same rationale in a meeting with the FDA. (Compare 3 PE 355–356, with 3 PE 366.)

In short, until this lawsuit, neither the broader discussion of why Novartis declined to pursue an FDA indication for tocolysis—nor the specific rationale expressed in the Reilly email—were things Novartis ever tried to keep secret. Accordingly, Novartis has not shown that the communication between Reilly and Catalano was intended to be a “confidential” one.

### **3. Plaintiffs did not violate the *State Fund* rule.**

Before closing, Plaintiffs must address Novartis’s argument that Plaintiffs violated the so-called “*State Fund* rule.”

Under that rule, a party who reasonably believes it received privileged documents must “notify the privilege holder” and “refrain from using the documents until the parties resolve or the court resolves any dispute about their privileged nature.” (*McDermott, supra*, 10 Cal.App.5th at p. 1092.)

But “[a] privilege holder may waive the privilege, and render the *State Fund* rule inapplicable, by failing to take reasonable steps to preserve the privilege.” (*McDermott, supra*, 10 Cal.App.5th at p. 1118.) Thus, the trial court had no occasion to consider whether Plaintiffs violated the *State Fund* rule in its order. And Novartis expressly disclaimed any interest in seeking the ultimate remedy for a violation of the *State Fund* rule (i.e., disqualification of counsel). (See Pet. at p. 22–23 [“NPC merely seeks the return of all copies of the email, and it being stricken

from plaintiffs' filing.'].) Accordingly, whether Plaintiffs violated the *State Fund* rule is not before this Court.

Nonetheless, because the accusation constitutes an attack on the character of Plaintiffs' counsel, Plaintiffs would be remiss if they did not respond to Novartis's accusations.

Novartis first claims that Plaintiffs violated the *State Fund* rule when they used the Reilly email at Catalano's deposition. But as the trial court found, Plaintiffs did not appreciate that the Reilly email might be privileged until that deposition itself. Specifically, the trial court found that "[b]oth sides discovered at the same time that the document may have been inadvertently produced, during the deposition of Mr. Catalano on January 15, 2020." (1 PE 13.)

That finding is reviewed for "substantial evidence." (*McDermott, supra*, 10 Cal.App.5th at p. 1108.) And here, there is ample evidence to support it:

- Plaintiffs' counsel had not actually reviewed the Reilly email prior to the Catalano deposition itself. (2 PE 316–317.)
- Reilly was listed on the email exchange as a Novartis employee with a Novartis email address. (2 PE 316; 3 PE 371.)
- Plaintiffs' counsel did not know Reilly was an attorney. (2 PE 316; 3 PE 356.)
- Novartis willingly allowed Plaintiffs to ask Catalano (the supposed "client") about his email to Reilly (the supposed "attorney").

Whether or not this Court would draw the same conclusion as the trial court on this record is immaterial; under a substantial-

evidence standard, “[an] appellate court will not substitute its deductions for the reasonable inferences actually or presumptively drawn by the trial court.” (*McDermott, supra*, 10 Cal.App.5th at p. 1102, internal quotation marks omitted, quoting Eisenberg, Civil Appeals and Writs, *supra*, ¶ 8:60, p. 8-29.)

Nor is there any basis for Novartis’s claim that Plaintiffs used the Reilly email in support of their summary-judgment opposition based on a unilateral determination “that NPC had waived privilege.” (Pet. at p. 16.)

Again, the Reilly email was *inadvertently* included among the 1,168 pages comprising Plaintiffs’ lodgment in opposition to the motion for summary judgment. Indeed, as Novartis repeatedly points out, “[a]lthough plaintiffs attached the entire email chain—including the privileged communication—to their summary judgment opposition, *they make no reference to the privileged communication in their opposition.*” (Pet. at p. 20, italics added; see also Pet. at p. 11 [noting that the Reilly email “was not discussed in plaintiffs’ brief; the other emails in the chain that were referenced are not at issue here.” Italics original.].) Thus, not only is it wrong to suggest that Plaintiffs intended to include the Reilly email among the voluminous materials in support of their opposition to Novartis’s motion for summary judgment, it is not even accurate to say that Plaintiffs “used” it in that motion.

Of course, the reason the Reilly email was inadvertently lodged with the Court is because Plaintiffs simply forgot about the dispute regarding the Reilly email after the Catalano deposition. In its petition, Novartis characterizes this “as a negligent



derelection of [Plaintiffs'] obligations” to protect the email. (Pet. at p. 23.)

But if Plaintiffs were negligent in that regard, they were in good company. Indeed, there are only two possible ways to explain Novartis’s failure to do *anything* about the Reilly email in the nearly five-month interlude between the January 15 Catalano deposition and its May 28 clawback letter:

One possibility is that Novartis remained acutely aware that the Reilly email was in Plaintiffs custody, and yet *still* did nothing to cure that fact for nearly five months. If so, Novartis’s conduct is absolutely indefensible and constitutes waiver by any measure.

The *only* other possibility is that Novartis simply forgot. (2 PE 313 [“[W]hy didn’t Novartis ever follow up in the five months or so ... about this document? And I don’t think we ever got a good answer to that. I think the elephant in the room is Novartis simply forgot.”].) Of course, if Novartis could forget that its privileged email was in Plaintiffs’ custody, Plaintiffs could too.

Ultimately, whether Novartis forgot about the Reilly email or not, the fact remains that Novartis “could have minimized the damage” from its inadvertent production of the Reilly email by following up with Plaintiffs. (*de la Jara, supra*, 973 F.2d at p. 750, internal quotation marks omitted.) At a minimum, this would have at least reminded Plaintiffs to segregate that email until the parties could resolve any disputes about its privileged status, if it would not have actually caused Plaintiffs to simply return it altogether.

Thus, whether Novartis failure to act was simply “a negligent dereliction of [its] obligations” (Pet. at p. 23), or was instead the product of a conscious decision not to pursue privilege, the fact remains that, “[a]s a result of [its] failure to act,” Novartis “allowed the mantle of confidentiality which once protected the document to be ... breached.” (*de la Jara, supra*, 973 F.2d at p. 750, internal quotation marks omitted.)

Finally, Novartis argues that Plaintiffs violated the protective order by not voluntarily “return[ing] [the email] and all copies to NPC.” (Pet. at p. 18.) There are at least two problems with that argument.

**First**, it is ambiguous whether the protective order actually required Plaintiffs to affirmatively surrender the Reilly email without being asked to do so.

Indeed, as Novartis argues, the protective order should be read “against the backdrop of the relevant California law.” (Pet. at p. 21.) And under California law, a party who receives seemingly privileged materials is under no obligation to voluntarily return them. Instead, under the so-called “*State Fund* rule,” the receiving party must simply “notify the privilege holder that the attorney has received materials that appear to be privileged” and set them aside until their privileged status can be resolved. (*McDermott, supra*, 10 Cal.App.5th at p. 1108.) Thus, to read the protective order to require Plaintiffs to affirmatively return seemingly privileged materials would actually impose an obligation beyond that required by California law.

Not coincidentally, the language in the protective order on which Novartis relies appears to apply in a narrower circumstance than the *State Fund* rule: Whereas the *State Fund* rule contemplates that a receiving party may harbor a “reasonable belief the privilege holder waived the privilege or an exception to the privilege applies” (*McDermott, supra*, 10 Cal.App.5th at p. 1092), the language in the protective order to which Novartis refers applies when “a Receiving Party, upon review of materials produced to it, becomes aware that any portion of such material is *protected by the attorney-client privilege.*” (1 PE 23, italics added.)

In other words, under the protective order, a receiving party’s duty to affirmatively surrender privileged materials—a duty that goes beyond even the *State Fund* rule—is triggered when the materials are *undeniably* subject to the attorney-client privilege. To the extent this is not what Novartis meant with that language, Novartis—as the party who drafted the protective order—only has itself to blame. (*Sandquist v. Lebo Automotive, Inc.* (2016) 1 Cal.5th 233, 248 [“[A]mbiguities in written agreements are to be construed against their drafters.”].)

**Second**, and more importantly, Novartis cannot distract from its failure to take *any* steps to secure the Reilly email for nearly five months by arguing that Plaintiffs should have done that work for Novartis.

As the privilege-holder—and the party who started this mess by producing the Reilly email in the first place—Novartis had a nondelegable duty to take “reasonable steps” to secure its privileged materials. Indeed, as the court explained in *McDermott*,

the *State Fund* rule does not absolve a privilege holder of the duty to pursue all reasonable means to protect its own privilege:

We do not suggest the privilege holder is excused from taking reasonable steps to preserve the privilege and recover inadvertently disclosed materials. A privilege holder may waive the privilege, and render the *State Fund* rule inapplicable, by failing to take reasonable steps to preserve the privilege.

(*McDermott, supra*, 10 Cal.App.5th at p. 1118.)

Any contrary conclusion would reward privilege-holders who respond to the ongoing emergency that a privileged document has fallen into enemy hands by sitting on their own.

Indeed, as should be clear by now, Novartis’s entire petition depends on the flawed premise that Plaintiffs should have done more to protect Novartis’s privilege than Novartis itself.

For example, Novartis shrugs off its failure to remove the Reilly email from its production (2 PE 258 [“[I]t’s very difficult to search photocopies ...”]), but criticizes Plaintiffs for their failure to notice the Reilly email was in their possession.

And Novartis dismisses the fact that it did absolutely nothing to secure the Reilly email for nearly five months, while insisting that Plaintiffs should have immediately swung into action and returned the email.

And Novartis downplays the fact that the Reilly email remained part of the Catalano deposition transcript simply because the transcript was stamped “Confidential,” but castigates Plaintiffs for inadvertently lodging that email in the trial court even though it was under seal. (Pet. a p. 11 [noting the Reilly email

“had not been placed on the docket and thus was not made publicly available”].)<sup>3</sup>

But again, it was Novartis’s alleged privilege at stake. And Novartis started the fire by producing the Reilly email in the first place. Accordingly, Novartis bore the ultimate responsibility to take the initiative to protect its privileges, and Novartis must ultimately bear the consequences of its failure to do so here.

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<sup>3</sup> Novartis deceives this Court when it implies that its counsel marked the Catalano transcript as “confidential” to protect the Reilly email. (Pet. at pp. 17, 20.) In fact, depositions in this case have been designated “confidential” as a routine matter, and Novartis made no special effort to treat the Catalano transcript as such. To the contrary, Novartis did nothing to cure the fact that the Reilly email had been made an exhibit to the Catalano deposition until June 22, 2020, some **159 days** after the deposition. (2 PE 311.)

## CONCLUSION

Novartis waived any applicable privilege over the Reilly email in at least three ways:

First, as the trial court found, Novartis abandoned the privilege when it failed to pursue all reasonable steps to secure the Reilly email after realizing it had been produced.

Second, as the trial court also found, Novartis waived privilege when it inexplicably failed to assert privilege in its motion to seal the Reilly email.

Third, Novartis waived privilege over Reilly's email to Catalano when Novartis voluntarily gave Plaintiffs a copy of Catalano's email to Reilly.

Moreover, even if this Court finds that Novartis did not waive privilege, this Court should nonetheless deny Novartis relief because, despite numerous tries, Novartis failed to carry its burden to establish that the Reilly email was privileged in the first place.

For these reasons, this Court should deny Novartis's petition in its entirety.

Dated: 11/16/20

By: /s/Benjamin I. Siminou  
Benjamin I. Siminou  
SIMINOU APPEALS, INC.

Counsel for Plaintiffs & Real Parties in Interest  
T.H. & C.H.

## CERTIFICATE OF COMPLIANCE

Pursuant to rule 8.204(c) of the California Rules of Court, I certify that the foregoing brief was produced on a computer in 13-point type. The word count, including footnotes, as calculated by the word-processing program used to generate the brief, is **10,852** words, exclusive of the material that may be omitted under rule 8.204(c)(3) of the California Rules of Court.

/s/Benjamin I. Siminou  
Benjamin I. Siminou

## CERTIFICATE OF SERVICE

I, Benjamin I. Siminou, am employed in the County of San Diego, California. I am over the age of 18 years and not a party to this action. My business address is 2305 Historic Decatur Rd., Suite 100, San Diego, California 92106.

On November 16, 2020, I served the foregoing “**Return to Petition for Writ of Mandate; Memorandum of Points & Authorities in Support**” on all counsel of record via the Court’s electronic filing system, operated by TrueFiling.

On the same date, I served a copy of the same document by first class U.S. mail on the trial court as follows:

Hon. Jeffrey B. Barton  
San Diego County Superior Court  
330 W. Broadway  
San Diego, CA 92101

I declare under penalty of perjury under the laws of the State of California that the foregoing is true and correct.

Executed on November 16, 2020, at Temecula, California.

/s/Benjamin I. Siminou  
Benjamin I. Siminou