IN THE COURT OF COMMON PLEAS
CUYAHOGA COUNTY, OHIO

THE SHERWIN-WILLIAMS COMPANY	)	**CASE NO. CV 09 689237**
	)	
Plaintiff,	)	**JUDGE JOHN P. O'DONNELL**
	)	
vs.	)	**JOURNAL ENTRY**
	)	
MOTLEY RICE LLC, *et al.*	)	
	)	
Defendants.	)	

John P. O'Donnell, J.:

BACKGROUND

The State of Rhode Island filed a public nuisance lawsuit against paint manufacturer The Sherwin-Williams Company because its products contained poisonous lead pigments. Rhode Island was represented by its attorney general and Motley Rice LLC, a South Carolina law firm. The relief sought in the lawsuit was for Sherwin-Williams to remediate lead paint wherever it was found.[1]

Rhode Island prevailed in the trial court – the Superior Court of Rhode Island – but the Rhode Island Supreme Court ultimately found in Sherwin-Williams's favor, ruling in 2008 that the complaint should have been dismissed.[2]

Sherwin-Williams then filed a trial court motion asking for an award of its costs. Motley Rice, on behalf of Rhode Island, filed a brief in opposition to the motion for costs. Attached as an exhibit to that brief were

> three PowerPoint slides used by John W. Lebold in his capacity then as Sherwin-Williams's Associate General Counsel – Litigation, during his presentation to the Board of Directors in October 2004. The first Power-Point slide identified the speaker as Sherwin-Williams's Associate General Counsel – Litigation. The

[1] See First Amended Complaint, ¶24.
[2] See First Amended Complaint, ¶39. See also *State v. Lead Industries, Ass'n., Inc.* (R.I. 2008), 951 A.2d 428.

> second slide showed the company's cost to that date of defending the lead paint and pigment litigation. The third slide presented the Associate General Counsel's analysis and opinion regarding potentially available insurance coverage for that litigation, a matter then and still in dispute with Sherwin-Williams's insurers.[3]

Because Sherwin-Williams had not publicly disclosed these documents, which it considered confidential and privileged attorney work product, nor had they been produced in discovery, their sudden appearance in Sherwin-Williams's opponent's brief prompted the company to investigate how Motley Rice obtained the documents.

Eventually, Sherwin-Williams found that the three slides used in the brief were excerpts from a 34-page document given to Motley Rice in 2006, most likely by defendant Stephen A. Walker, a former Sherwin-Williams employee whose job included assisting in the preparation of PowerPoint presentations to the company's board of directors.[4]

Sherwin-Williams then filed this lawsuit asserting causes of action against Motley Rice and Walker for conversion, replevin, misappropriation of trade secrets, civil conspiracy, and aiding and abetting tortious conduct.[5] The first amended complaint also includes a claim against Motley Rice only for tortious interference with business relations, and claims against Walker only for breach of contract and fraudulent inducement (for falsely representing that he had never disclosed confidential information in connection with a 2007 settlement of an employment law claim).

On April 16, 2009, Motley Rice filed under seal in this case a copy of the 34-page packet. The court permitted Sherwin-Williams to examine the entire packet. Based upon that inspection, Sherwin-Williams concluded that the 34 pages consisted of parts of several separate presentations to its board of directors over a number of years. By then, Sherwin-Williams had also taken a sworn statement from Stephen Walker, who admitted having met with Motley Rice

[3] See first amended complaint, ¶42.
[4] See, generally, first amended complaint, ¶31-33, 46-48.
[5] John Does are also included as defendants on all of these causes of action except conversion and replevin.

attorney Fidelma Fitzpatrick and another Motley Rice employee at the Cleveland airport in 2006.[6] He testified that he arranged the meeting to inform Motley Rice that Sherwin-Williams had illegally hidden documents that were subpoenaed.[7] He denied giving any documents to Motley Rice.[8]

SHERWIN-WILLIAMS'S MOTIONS TO COMPEL

The plaintiff has now filed two motions to compel: a July 22, 2010, motion to compel Motley Rice's responses to written discovery and deposition questions; and a January 3, 2011, motion to compel discovery of communications between Stephen Walker and his former lawyer.

The Motley Rice motion is fully briefed and the Walker motion is unopposed.

A. Motion to Compel Motley Rice's Responses to Written Discovery and Deposition Questions.

Sherwin-Williams propounded written discovery to Motley Rice. Included were requests to produce documents related to the acquisition, use, and disclosure of the 34-page packet.[9] Motley Rice objected to all of the requests, citing attorney-client privilege and the work product doctrine. Without waiving the objections, Motley Rice did produce some documents evidencing travel to meet with Walker and phone conversations with Walker. Other documents were described generally in a privilege log[10], but not produced.

Sherwin-Williams's motion asks the court to examine these documents *in camera* and then order their production.

Fidelma Fitzpatrick and Aileen Sprague, another Motley Rice attorney, were deposed by Sherwin-Williams. Each witness declined to answer various questions, citing attorney-client

[6] S. Walker January 16, 2009, testimony, p. 57-58.
[7] *Id*., p. 61.
[8] *Id*., p. 88-91.
[9] The requests, and Motley Rice's responses, are attached as Appendix 1 to this journal entry.
[10] The July 22, 2010 motion to compel refers to Motley Rice's privilege log as Exhibit 18 to the motion, but both the record original and courtesy copy of the motion have only 17 exhibits.

privilege and the work product doctrine. For example, the following exchanges took place at Fitzpatrick's deposition:

> ***
>
> MR. SCHULER: For the record, I don't want you to go into any communications, either internally at Motley Rice or with the Attorney General's office with respect to your discussions on how the particular pleading was put together.
>
> THE WITNESS: Okay.
>
> MR. WOOLEY: Okay. And maybe we'll do this for the record now, you can just be short later with it as we go through --
>
> MR. SCHULER: Sure.
>
> MR. WOOLEY: -- but our position is that we're here to do discovery regarding the receipt and use of the document. The document was used in opposing the cost motion, and we intend to conduct discovery regarding decisions relating to how to oppose that motion and how to use that document, and we think that that is clearly discoverable. And if you're saying that we can't conduct discovery on that and all we're allowed to conduct discovery on is that they in fact stapled it and used it because everything is work product; is that your position?
>
> MR. SCHULER: The position is any internal communications at Motley Rice with regards to how they respond to any particular motion that was pending in the Rhode Island case is work product and also potentially attorney/client communication.
>
> That anything with regards to internal communications or individual attorneys, how they weighed in as far as on the decision-making process is work product, and the witness will be instructed not to testify.
>
> ***
>
> MR. SCHULER: About her knowledge about how Motley Rice used it, I'll let her answer that question. But with regards to how individual attorneys weighed in on that, about the decision-making process, about discussions that they had, either internally or with the AG's office, I'm going to instruct her not to answer.
>
> ***
>
> MR. SCHULER: No. You can ask her as to why Motley Rice attached Exhibit 16 to the supplemental response, she will testify to that.
>
> ***
>
> Q. Okay. Well, who went and looked at those documents and then decided to support -- cite these documents in support of the factual assertions?
>
> ***
>
> MR. SCHULER: Objection. Work product, attorney/client privilege. Instruct you not to answer.
>
> ***
>
> Q. Okay. How did it end up as an exhibit in the brief?
>
> A. It was attached on the back of the brief.
>
> Q. Right. I understand that. I see how physically it was stapled. Who decided to put it there?
>
> MR. SCHULER: Objection. Work product. Attorney/client privilege. Don't answer.
>
> ***

Q. Was it you?

MR. SCHULER: Objection. Work product. Attorney/client privilege. Don't answer.

***

Q. Was it Mr. McConnell?

MR. SCHULER: Same objection.

***

Q. Was it anybody from the Attorney General's office?

MR. SCHULER: Same objection. Same instruction.

***

Q. Exhibit 16 is one page of a 34-page fax received two years earlier. Do you know who on your team two years later after it was received say, boy, there is a page out of this 34-page fax that might help us here and we're going to use it, do you know who that was?

MR. SCHULER: Objection. Same instruction.

***

Q. Okay. It is -- Page 9 of a 34-page transmittal, do you know who went through the 34 pages and found Page 9 and said this might be helpful here?

MR. SCHULER: Objection. Same objection. Same instruction.

***

Q. All right. When was the first time you heard of or from the co-defendant in this case, Mr. Walker?

A. I think it was either in late August or early September 2006.

***

Q. Okay. Did you tell anybody that he had called?

A. Yes.

Q. Who did you tell?

MR. SCHULER: Objection. With regards to your internal communications, I'm going to instruct you not to answer, work product, attorney/client privilege.

***

Q. Did you write an E-mail to anybody regarding the conversation?

***

A. I wrote an E-mail to Jack McConnell and, probably, Laura Holcomb.

Q. All right. Does that E-mail exist today?

A. Yes, it does.

MR. WOOLEY: We're requesting the E-mail.

MR. SCHULER: Objection. On the same grounds as work product, attorney/client communication.

***

Q. I'd like to ask you some questions about the fax which we marked as Exhibit B. . .

***

Q. Do you know who sent this to your office? Six days after your conversation with Mr. Walker?

A. I think I had assumed that it was from Mr. Walker, but I don't know that for sure.

***

Q. He was the guy that sent him. Did you tell anybody else on your team that this guy, Walker, sent us these documents?

MR. SCHULER: Objection. Communications with people on her team. Instruction not to answer.

***

Q. Do you know who found them two years later and knew that Page 9 of 34 would be relevant in a cost motion?

A. No.

MR. SCHULER: Again, I'm going to object. Same instruction.

***

Q. . . . In your conversations with Ms. Holcomb where you were telling her about the meeting and asking her to come, did you discuss the documents?

MR. SCHULER: Objection. Same instruction.

***

Q. I said who else prior to the meeting did you speak to about the meeting?

***

Q. Anybody at the Attorney General's office?

***

MR. SCHULER: With regard to anything you told anybody at the AG's office, I don't want you to testify about that.

***

MR. SCHULER: . . . You keep on asking questions about did you have a discussion about this topic with this person, and when you start throwing in the subject matter of the discussion into the question, then you are gathering attorney/ client communications.

***

Q. Did you have any meetings with the Attorney General's office about it?

***

MR. SCHULER: Objection. Same instruction.

***

Q. Who has discussed the document? Have you been present during any discussions about the documents, potential value or use of the documents?

MR. SCHULER: Objection. Instruct the witness not to answer.

***

Q. . . . Why didn't you give them back then in September of 2008?

***

A. . . . a decision was made not to return them.

Q. By you?

MR. SCHULER: Objection. Again, with respect to the individual who is making decisions on litigation on a matter that's still pending in the State of Rhode Island, I'm instructing the witness not to answer.

***

At Aileen Sprague's deposition similar questions were asked and the same objections made.

Sherwin-Williams's motion asks the court to overrule the objections and order the witnesses to answer the questions already asked as well as reasonably related follow-up questions.

B. Motion to Compel Discovery of Communications Between Stephen Walker and Walker's former lawyer.

This motion was filed after Sherwin-Williams discovered defendant Walker's electronically stored information from his personal computers and phone records from several telecommunications companies. This evidence shows that Sergio Carano, a lawyer representing Walker in a wrongful discharge case against Sherwin-Williams, likely had communications with Fitzpatrick during the settlement negotiations in that case. It is the settlement agreement in the wrongful discharge case that forms the basis for Sherwin-Williams's claims against Walker in this case for breach of contract and fraudulent inducement to contract, and for the claim against Motley Rice for tortious interference with contract.

Carano was negotiating with a Sherwin-Williams labor attorney to settle the wrongful discharge case in August and September of 2007. As part of the settlement, Sherwin-Williams sought an assurance from Walker that he had never disclosed confidential or trade secret information. Carano replied that Walker did have, in early 2006, a "sole conversation" in Akron with "an unknown female representative of" Motley Rice where his former position and job duties were discussed, but that he never disclosed confidential or proprietary information, including PowerPoint presentations.[11] Satisfied, Sherwin-Williams settled Walker's wrongful discharge case.

Now, however, besides the earlier discovery showing that Walker met with two Motley Rice workers in Cleveland, phone records have shown at least 15 calls between Walker's home and cell phones and Motley Rice. Additionally, document discovery has revealed that Carano

[11] Exhibt 1 to the January 3, 2011 motion to compel, Carano 08/22/2007 e-mail.

forwarded to Fitzpatrick a draft of the wrongful discharge settlement agreement in June, 2007, with a request to schedule a conference call among Fitzpatrick, Carano and Walker.

Sherwin-Williams argues that this evidence allows an inference that Motley Rice knew, or should have known, not only that the 34-page packet came from Walker but that it contained confidential information that Walker was not entitled to give and Motley Rice was not supposed to have. Anticipating Walker's assertion of attorney-client privilege, Sherwin-Williams proposes that Walker's testimony about his communications with Carano on the subject of their contacts with Motley Rice falls within the crime-fraud exception to the attorney-client privilege.

LAW AND ANALYSIS

Rule 26(B)(1) of the Ohio Rules of Civil Procedure allows discovery "regarding any matter, not privileged, which is relevant to the subject matter" of the lawsuit. Evidence is relevant if it makes "the existence of any fact that is of consequence to the determination" of the case more or less likely.[12] Before sorting out the merits of the parties' arguments for and against the application of the attorney-client privilege and work product doctrine, the relevance of the information sought must be established.

Investigation and discovery have already produced some evidence of how Motley Rice used the documents. The evidence has also established, insofar as possible given Walker's denial that he sent the packet to Motley Rice, the probable source of the documents. What Sherwin-Williams wants, however, is evidence about the "facts and circumstances" of the defendant's "receipt and use" of the 34-page packet, including Motley Rice's "interactions with Stephen Walker, . . . receipt and storage" of the packet, and how the decision to use information from the packet was made.[13] The plaintiff also wants to know whether Motley Rice's co-counsel

[12] See Rule 401 of the Ohio Rules of Evidence.
[13] July 22, 2010, motion to compel, p. 13, 15.

was aware of the packet and why it wasn't returned upon request in September, 2008.[14] In short, Sherwin-Williams wants to find out the value Motley Rice attributed to the documents.

The relevance of such evidence must be analyzed in the context of the plaintiff's causes of action. One element of conversion is a defendant's exercise of dominion or control over a plaintiff's property.[15] The extent to which Motley Rice used the documents is undoubtedly relevant to the question of whether the law firm exercised dominion and control over them. While it is already established that the packet was in Motley Rice's possession and that a portion of the 34 pages was used as a motion exhibit, evidence of additional incidents of dominion and control would increase the plaintiff's likelihood of meeting its burden of proof on that element and would also serve to rebut an implied or explicit defense that the documents were essentially forgotten by Motley Rice.

For misappropriation of trade secrets, the plaintiff has to show, among other elements, that the information derives independent economic value from not being generally known.[16] Evidence of Motley Rice's subjective assessment of the documents' value – whether as valuable or worthless – is therefore relevant to that claim.

For its fraudulent inducement to contract claim, Sherwin-Williams must demonstrate that Walker falsely represented that he had only one fleeting contact with Motley Rice to induce the company to settle his wrongful discharge lawsuit. Conversations that Walker had with Carano – and that either of them had with Fitzpatrick or anybody else from Motley Rice – are relevant to that claim.

Because all of the evidence Sherwin-Williams seeks is relevant, it is discoverable unless privileged.

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[14] *Id*., p. 14.
[15] *Kelley v. Ferraro*, 188 Ohio App.3d 734, 2010-Ohio-2771, ¶68.
[16] See, generally, O.R.C. Section 1333.61.

Motley Rice claims two privileges: attorney-client and attorney work product. The attorney-client privilege is rooted in statutory and common law.[17] The privilege applies to pertinent communications between the attorney and client.[18] Motley Rice objects to discovery of any communications between it and the Rhode Island Attorney General's office as privileged client communications. The objection is unpersuasive.

Rhode Island General Laws Section 42-9-6 provides that the attorney general shall prosecute all suits which the officers of the state (including the governor) are authorized to commence. The lead paint lawsuit was commenced by Rhode Island's executive, represented by the attorney general, who was assisted by Motley Rice as co-counsel.[19] Any communications the Motley Rice lawyers had with the attorney general's office may have been attorney work product, but they were not attorney-client communications, and without client communications the privilege does not apply.

Motley Rice's second reason for denying Sherwin-Williams's motion to compel is the attorney work product doctrine. The work product doctrine, unlike the attorney-client privilege, belongs to the attorney and assures that counsel's private files shall remain free from intrusions by opposing counsel in the absence of special circumstances.[20] With respect to the protection of documents from discovery, the doctrine is codified at Civil Rule 26(B)(3), but the common law doctrine emanates from the 1947 United States Supreme Court case of *Hickman v. Taylor*.[21] The protection applies not just to documents and other things but to intangible work product, including an attorney's analysis, opinions, and strategy. Intangible work product is protected

[17] State *ex rel. Leslie v. Ohio Hous. Fin. Agency*, 105 Ohio St.3d 261, 2005-Ohio-1508, ¶18.
[18] *Id*.
[19] See, for example, defendant's August 20, 2010, brief in opposition at Exhibits D-F, each showing the attorney general and the Motley Rice lawyers as separate counsel for the plaintiff State of Rhode Island.
[20] *Frank W. Schaefer, Inc. v. C. Garfield Mitchell Agency, Inc.* (1992), 82 Ohio App.3d 322, 329.
[21] *Squire, Sanders & Dempsey, L.L.P. v. Givaudan Flavors Corp.*, 127 Ohio St.3d 161, 2010-Ohio-4469, ¶54.

because, otherwise, attorneys' files would not be discoverable, but attorneys themselves would have no work product objection to depositions.[22]

To be afforded protection as work product, the information sought must fall within Civil Rule 26(B)(3)'s definition of trial preparation materials: things that are "prepared in anticipation of litigation or for trial" by opposing counsel. The doctrine protects this information without regard to its subjective importance to the party claiming the discovery exemption. Moreover, the definition of "trial" should be liberally expanded to include any court hearing, including the post-trial costs hearing in the lead paint case. With those considerations in mind, there is no question that the information Sherwin-Williams now seeks is ordinarily non-discoverable as attorney work product. Hence, Motley Rice may be compelled to answer Sherwin-Williams's discovery only upon a showing of good cause.

A showing of good cause under Civil Rule 26(B)(3) requires demonstration of need for the materials; *i.e.*, a showing that the materials, or the information they contain, are relevant and otherwise unavailable.[23]

These conditions are satisfied in this case. The reasons the information is relevant are discussed above. As for being otherwise unavailable, nobody but the alleged tortfeasor Motley Rice would know about its reasons for keeping, using and relying on the documents. In its arguments supporting the work product exception from discovery, Motley Rice fails to take into account the primary circumstance that distinguishes this case from a typical invocation of the work product doctrine: Motley Rice is not simply a law firm trying to prevent an opposing attorney from rooting through its case file, but an alleged tortfeasor that Sherwin-Williams claims should be held to account in civil damages for its conduct. While unsupported allegations alone might not justify disregarding work product protection, there are enough known facts –

[22] *Id.*, ¶58.
[23] *Jackson v. Greger*, 110 Ohio St.3d 488, 2006-Ohio-4968, at syllabus 2.

even putting aside the testimony by the Motley Rice employees given without waiving their claims of privilege – to justify allowing Sherwin-Williams to have the same full discovery it would be entitled to in a case involving a non-attorney defendant.

Like Motley Rice, Walker may interpose an attorney-client privilege objection to the testimony Sherwin-Williams seeks to compel. The Cuyahoga County Court of Appeals has recently summarized the crime-fraud exception to the attorney-client privilege as follows:

> One of the recognized exceptions to the attorney-client privilege is the "crime-fraud exception," which applies to communications made in furtherance of a crime or fraud. (Citation omitted.) The crime-fraud exception does not apply when a person consults an attorney in an effort to defend against past misconduct. (Citation omitted.) Rather, the communication must be intended in some way to facilitate or to actively conceal a crime or fraud. (Citation omitted.)
>
> A party invoking the crime-fraud exception must demonstrate that there is a factual basis for a showing of probable cause to believe that a crime or fraud has been committed and that the communications were in furtherance of the crime or fraud. The mere fact that communications may be related to a crime is insufficient to overcome the attorney-client privilege. (Citations omitted.)[24]

Sherwin-Williams has demonstrated that Carano's assurance during settlement negotiations that Walker had communicated only once, and in Akron, with an unknown person from Motley Rice was false. Moreover, it appears Carano himself had some contact with Fitzpatrick of Motley Rice, and there is a strong inference that Walker is Motley Rice's source for the 34-page packet. This evidence is enough to show that any communications between Walker and Carano in the summer of 2007 on the subject of Walker's connections to Motley Rice may have been in furtherance of a fraud. "Advice sought and rendered in this regard is not worthy of protection, and the principles upon which the attorney-client privilege is founded do not dictate otherwise."[25]

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[24] *Sutton v. Stevens Painton Corp.*, 2011-Ohio-841, Cuyahoga Co. App. No. 95143, ¶¶ 19-20.
[25] *Moskovitz v. Mt. Sinai Med. Ctr.* (1994), 69 Ohio St. 3d 638, 661.

CONCLUSION

For these reasons, Sherwin-Williams's July 22, 2010 motion to compel testimony is granted and the Motley Rice witnesses are ordered to answer all deposition questions about how they came to possess or know of any part of the 34-page packet, where they kept it, where they took it, with whom they discussed it, and the substance of any such discussion.

The portion of the motion to compel the production of documents is also granted. The defendant is ordered to produce for an *in camera* inspection any documents listed on its privilege log, but only if they are communications between Motley Rice and its client, the State of Rhode Island. This does not include communications with the attorney general's office. Upon inspection, the court will sustain or overrule the claim of attorney-client privilege as warranted. Other documents that are responsive to the discovery requests, including Motley Rice's intra-office communications about the documents at issue and communications with co-counsel Rhode Island's attorney general, are ordered produced to the plaintiff without an *in camera* inspection, the court having concluded that they are not subject to the attorney-client privilege because they do not constitute communications between a client and attorney.

The plaintiff's January 3, 2011, motion to compel defendant Stephen Walker's testimony about communications with Sergio Carano relating to his Motley Rice contacts is also granted and Walker is ordered to submit to a deposition for questioning in that regard.

IT IS SO ORDERED:

_____ Date: _____

JUDGE JOHN P. O'DONNELL

SERVICE

A copy of this journal entry was sent by e-mail, this 31st day of May, 2011, to the following:

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