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FocusExtra: Proskauer Rose LLP

FOCUS**President's Message****Manik Rath**

It has been an honor to serve as president of WMACCA this year, to give back to an organization I believe is one of the finest in the area, and in particular to get to know so many of you. As my term as president draws near its end, I offer the following reflections and observations.

First, I am grateful to all of the people who helped make this year an extraordinary one for WMACCA. Despite a challenging economic environment, WMACCA grew in terms of its members, sponsors and output. At its recent Annual Meeting in Boston, ACC awarded WMACCA the Chapter of the Year Award for the large chapter category.

Some Recent Accomplishments

In a year when many companies are cutting costs, WMACCA maintained its membership and remained the largest ACC chapter. We worked hard to earn your confidence. We continued to present a full schedule of continuing legal education aimed at the unique needs of in-house counsel. Our sponsors and our members brought tremendous expertise to these sessions, supporting our educational mission. Recognizing that many members are unable to part from their desks, WMACCA made greater use of distance-learning technology to reach the widest possible audience. And, for those members in career transition, we increased our career development programming and services.

We also stepped up our outreach efforts. We partnered on CLEs with several complemen-

tary organizations, including the National Association of Corporate Directors, the Society for Human Resource Management and the Women's Bar Association of DC, to reinforce the concept of in-house counsel as members of the business team. We also expanded our public relations efforts through a partnership with the national consulting firm Allison & Partners, and succeeded in getting members quoted and featured in news articles about legal and business developments.

The Future of the Legal Profession

At the beginning of the year, I wrote about the challenges facing the in-house legal profession, including a punishing recession, outsourcing of legal counsel, the threat to the attorney-client communication privilege, and the gap between law firm cost models and the value they deliver to the enterprise.

Every industry must be vigilant for the two perils of obsolescence and inefficiency. These two brigands lurk impatiently to part American industries from their work, lucre and jobs. However, to date, the in-house profession has avoided material loss. Why? Because the in-house lawyer avoids obsolescence by being literate and informed on the state-of-the-art legal developments. Similarly, the in-house lawyer avoids obsolescence by being intimately familiar with



the special considerations and regulations pertaining to the company's business and industry, and by being knowledgeable in many disciplines of law rather than merely one, and by being not merely a dispenser of legal analysis but rather a trusted business and legal advisor.

This is accomplished by constant reading, and for example, by attending WMACCA continuing legal education programs and conversing with WMACCA peers about trends and best practices.

As for efficiency, in-house counsel provide manifest value to the client by, in part, providing unlimited access to counsel for a fixed cost. But what of law firms and other service providers? ACC and WMACCA have sounded the Value Challenge clarion. Law firms must ask: is it reveille or taps? The cost of services must be aligned with the value of those services. The cost of discovery must not drive the fundamental decisions of disputes — whether to settle, arbitrate or litigate. Continued consolidation of large law firms, new economic models for firms, new billing arrangements and innovative ways to manage the massive costs of discovery are trends driven by the fundamental economics of practicing law. The in-house bar, led by WMACCA, must continue to press its priorities for value, reform and innovation. The leaders in this effort will secure the in-house profession's hegemony as the efficient source of legal counsel.

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What Can You Do?

There is a lot to be gained from your membership in WMACCA without making any effort. We web stream numerous CLE's right to your desk, our newsletter and website provide dynamic content, and our membership directory gives you access to innumerable peers with whom you can consult. However, one will never derive as much as possible from any organization without being actively engaged. WMACCA musters many volunteers from amongst its more than 1,700 members who make everything happen. Community service and pro bono activities for members provide opportunities

to give back to the community, including our partnership with Womble Carlyle on the "When Duty Calls" clinics to help veterans file disability claims; a Street Law program at a local high school; and teams that participated in the Lawyers Have Heart Run/Walk, a Potomac Watershed Clean-Up Day and National Public Lands Day. We also produce about 70 CLEs a year, each of which requires planning, execution and speakers. Our media outreach effort is constantly working to get in-house counsel quoted as experts on various topics in the news, as well as to publish articles written by you that will enhance your profile as a valuable expert and that of your law department. We have volunteers

who serve as our liaisons in other local bar associations and voluntary bars, as well as related professional organizations.

It is clear to me that WMACCA is at the vanguard of the beneficial developments in store for the in-house bar. As I approach the end of my service, I encourage those others of you to actively join in WMACCA's future work, its mission and its success. And if you do, I hope I'll see you!

Manik K. Rath is the 28th President of WMACCA. He is senior vice president, general counsel and corporate secretary of LMI.

International Legal Consideration for In-house Counsel

Susan Hackett, Senior Vice President and General Counsel, Association of Corporate Counsel
hackett@acc.com

So much of our time is spent attending to the urgent matters on our desks. Many of us complain that we don't have time to deal with the important ones: the ones that should be a priority in terms of long-term success, but are often shuffled to the bottom of the pile. Today, I'd like to talk to you about something that I think is long-term "important," and explain why at some point, if left unattended, it may become a daily "urgent" problem plaguing your practice.

In-house counsel have complex jobs as both generalists and specialists for their company client, and this complexity increases as the number of jurisdictions and related "international" considerations that your practice must contemplate increases. Even companies that largely work in only one country are ever-more likely to contend with suppliers, laws, and other influences from beyond their "home" jurisdiction's borders.

So please consider for a few minutes how a number of developments and emerging trends in international legal practice may affect your ability to get your work done as a lawyer operating across country lines.

Trendlines that will affect your practice as an in-house counsel.

In-house counsel in places like the United

States, Canada, Australia and New Zealand have long enjoyed the confidence that their ability to practice as in-house lawyers would be fully recognized and respected, both as lawyers at the bar and amongst the client community they serve. Yes, they fought for it, but no one questions it nowadays.

But in many parts of the world, regulators of the local profession still do not recognize in-house counsel as carrying the same professional rights and responsibilities as lawyers in outside practice. In many jurisdictions in Europe and Asia, for instance, in-house counsel can no longer carry privilege rights for their clients or aren't seen as sufficiently independent to be allowed to exercise the status of outside counsel in courts or elsewhere. In many of these jurisdictions, an in-house counsel becomes a "non-lawyer" the day they receive compensation by paycheck rather than retainer check. [See, e.g., ACC's International Practice Almanac offering overviews of practice rights for in-house lawyers jurisdiction by jurisdiction — <http://www.acc.com/search.cfm?anytext=International%20Practice%20Almanac>.] In addition, almost every major business jurisdiction in the world places some level of limitation on the ability of lawyers not locally admitted to engage in practicing.

Many jurisdictions around the world have been engaging in MJP (or multijurisdictional practice) reform efforts to help the states or provinces that separately regulate lawyers, figure out how to allow and when to regulate inter/multi-state or inter/multi-province services within the country's borders without requiring separate admissions in each jurisdiction. While the ability of lawyers practicing within these nations has improved, we still have a ways to go before larger MJP authorization systems catch up with 21st century practice realities. Now these regulators have to figure out solutions that either facilitate or protect both the bar and the public from lawyers practicing in their jurisdictions who are not locally licensed anywhere in the country. It seems that our progress has been limited to figuring out a bit more about how a lawyer licensed in Ontario or California can follow a legal matter they've been retained to handle for a client to Alberta or Georgia (respectively). However, we still haven't really gotten a handle on how a lawyer from the company's office in another country, locally educated and licensed there, can come work at corporate HQ in the company's home country, or how outside counsel in the many jurisdictions abroad doing work for the company in their home jurisdiction can engage in providing services that are essentially deemed as being pro-

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vided by a “non-lawyer” since that person is not admitted in the company’s home country.

So, here’s the important nugget: if you thought that MJP was all but in the bag, it’s actually just getting started in the emerging context of multinational practice. The corporate legal community, from both companies and firms, will need to push hard to explain why this is crucial for the bars to do since many are completely disinclined to get involved. They see the issues as a mere administrative inconvenience to the foreign lawyer that can be simply answered by saying “no.”

I see an emerging opportunity in many jurisdictions in the next few years as a number of efforts are launched to think more about how to deal with multinational practice issues. Lawyer associations and bar groups around the world are starting to set up commissions, and ACC will be there to help. What is going to drive change more than anything else, according to my small and completely subjective crystal ball, is that these emerging conversations on international licensing authorization will take place at the same time that governments and other stakeholders are also thinking about how to make corporate lawyers better gatekeepers for the client entities they serve. And also how lawyers and the law can become more of a service profession to a larger segment of their society, rather than simply a business venture for the highly educated and well-compensated corporate lawyers of the world.

For instance: The bars in Europe [and elsewhere] are about to begin to consider responses to initiatives such as the Legal Services Act (www.justice.gov.uk/publications/legalservicesbill.htm), which arose in the United Kingdom a few years back; the fundamental precepts are now being replicated/gaining traction throughout Europe through the EU’s Services Directive, which will take force at the end of 2009 [http://ec.europa.eu/internal_market/services/services-dir/index_en.htm]. When both of these initiatives were announced, quite a number of prominent leaders in the US ethics and professionalism community said: “Interesting, but an isolated event in time, and it will never happen here. Our self-regulated profession operates under time-honored traditions of independence and lawyers know best.”

But hear the undertones and think about whether it really is unlikely that this kind of “reform” movement will not seep beyond the four corners of Europe. The Legal Services Act was largely a consumer-driven initiative, responding to the perception and reality that legal services are not affordable or meaningful to most citizens’ basic needs. The Act authorizes the development of new kinds of professional service entities that would include multidisciplinary practices and would liberalize the practice of law to make it more accessible. The EU Services Directive requires EU governments to review their rules governing the liberal professions, to ensure they are necessary and appropriate — that directive may open all kinds of conversations about whom should be allowed the privilege of lawyer in a society and how those persons should be regulated.

So — here’s the nugget: why isn’t it possible for such an over-arching review in Europe to include a discussion of whether companies can be better served by in-house lawyers who are fully recognized by the bars and carry the privileges that their peers in outside practice have always enjoyed — hold them to the same standards of professionalism, of course, but offer them the same privileges of practice. Since the Akzo-Nobel case (in which ACC filed an intervention) is also still pending and may be decided soon, there will be the added limelight of a decision that either upends or supports the notion of privilege protection in the in-house practice context as interpreted by the highest courts in the EU interpreting local and EU law.

And, of course, for lawyers beyond the physical borders of the EU, EU rules define anyone not admitted in a EU jurisdiction as a non-lawyer for purposes of legal services provided in the EU jurisdiction. That means all of you out there who don’t sit in Europe with a local admission, but have client interests in the EU. And this also applies to your local counsel whom you’d like to deploy in the EU negotiation or who has delivered the memo to your colleague sitting in Brussels, which is now discoverable, because privilege only applies to materials generated by lawyers (not non-lawyers).

At the same time, there are new initiatives in Australia and elsewhere that allow for law firms to seek out capital through public financing — essentially authorizing firms to become publicly traded companies, and thus

be regulated as such. Thus, decisions about legal service modeling and provision in a publicly traded law firm may be influenced greatly by non-lawyers and regulators over time. And in the United States, in response to Enron and other corporate meltdowns, we see entities such as the SEC seeking to regulate the roles, fiduciary responsibilities, and even reporting requirements of lawyers working in public companies. We see Congress increasingly likely to hold hearings on corporate failures and subpoena lawyers and attorney-client privileged documents as a part of their investigations (and remember, privilege is a court doctrine in the United States, and Congress often maintains that it has no protective status in response to a Congressional subpoena). This all means that folks who aren’t “part of the guild” are increasing likely to have a hand in lawyer regulation.

We live in a new world, quite distinct from the traditions of our profession which allowed us to make decisions about professionalism as lawyers, without much “interference” from other stakeholders, such as clients, shareholders, public company regulators and the media. In an era marked by an alarming number of monumental corporate failures, questions about “where were the lawyers in all this?” will not be answered solely at legal colloquia. Like it or not, living in the new world will have consequences to our regulation and ability to practice for our clients. And we should be out in front of them, not lagging behind to see what others will make of our profession and how it works.

My point is that the consequences may seem remote to you right now. You could look at each of the above events as if they are separate and unrelated to your license, your practice and your client’s service. But I think that is a short sighted view. And if I have only these few minutes with you every now and then to take you away from what’s urgent to talk to you about what’s important, then let this be my call to ACC members: If you want to protect what’s important to you locally, you’d better be prepared to join us in fighting for what’s unfolding internationally. It will directly affect your practice and your capacity to practice in the not so distant future. Contact me at hackett@acc.com.



ACC AMERICA

Association of Corporate Counsel
WMACCA Chapter

Ilene G. Reid, Executive Director
WMACCA Chapter
6928 Race Horse Lane
Rockville, MD 20852

Board Members and Contacts

President

Manik K. Rath
LMI
703.917.7315
mrath@lmi.org

President Elect

Curtis L. Schehr
DynCorp International LLC
571.722.0205
curtis.schehr@
dyn-intl.com

Vice President— Programming

Stephen Dwyer
American Staffing Association
703.253.2037
sdwyer@
americanstaffing.net

Vice President— External Relations

Robert Gans
CSC
703.641.2595
rgans@csc.com

Secretary

Anne L. Milem
Sallie Mae, Inc.
703.984.5933
anne.milem@slma.com

Treasurer

Michael Finn
General Dynamics Advanced
Information Services
703.251.7368
Michael.Finn@gd-ais.com

Immediate Past President

Kevin Lapidus
SunEdison
443.909.7206
klapidus@sunedison.com

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James Williams

Membership Chair

Thomas D. Hickey
Cyren Call Communications
Corporation
703.760.0474
thomasdhipkey@
comcast.net

Communications Chair

Adam Palmer
Public Interest Registry
703.232.4914
apalmer@pir.org

Executive Director

Ilene G. Reid
Phone: 301.881.3018
Fax: 301.881.2065
Ilene.Reid@
WMACCA.com

Virginia Regional Coordinator

Frost B. Telegadas
804.282.7212
Frost.Telegadas@
WMACCA.com

Program Manager

Robin G. Hayutin
703.242.8773
Robin.Hayutin@WMACCA.com