Is Your Patent Counsel's Work Privileged?

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The attorney-client privilege protects communications with patent attorneys, just like other attorneys. This includes a patent attorney hired to write an opinion about whether an existing patent is valid and might be infringed by his or her client. Companies seek these opinions to counter later claims of willful patent infringement—failing to get a written patent opinion supports a finding that a party willfully infringed a patent, leading to increased damages of up to three times actual damages. 35 U.S.C. Sec. 284. Thus, in patent litigation, the alleged willful patent infringer commonly presents a written patent opinion to show its good faith belief that it was not committing infringement.

But one possible adverse consequence of relying on counsel opinions to shield a company from liability is that producing the counsel opinions to rebut the charge may waive the attorney-client and work product privileges as to any other opinions of counsel on the same subject matter. In the context of rebutting charges of willful infringement, many court decisions hold that "a defendant asserting an advice-of-counsel defense must be deemed to have waived the privilege as to all communications between counsel and client concerning the subject matter of the opinion." *Steelcase Inc. v. Haworth Inc.,* 954 F. Supp. 1195, 1198-1200 (W.D. Mich. 1997). Moreover, the scope of the waiver might extend to informal attorney communications regarding the subject matter and even documents that counsel considered in rendering his opinions. See, e.g., *FMT Corp. Inc. v. Nissei ASB Co.,* 24 U.S.P.Q.2d 1073, 1075 (N.D. Ga. 1992) (finding waiver as to "all other attorney communications on the same subject matter and all documents relied upon or considered by counsel at the time and in conjunction with rendering that opinion").

All attorneys, therefore, must be aware that their communications with patent opinion counsel might become discoverable. But how much might become open to discovery?

The answer, unfortunately, is cloudy because courts differ as to the exact scope of the privilege waiver. One basis on which courts differ is whether the waiver includes documents concerning the subject matter of the counsel opinion defense, but not communicated to the alleged infringer.

On one end of the spectrum are cases holding that documents not disclosed to the client remain privileged. Thus, in *Steelcase* the court, noting the absence of "any Federal Circuit authority directly addressing the discovery issue," held that "[t]he waiver does not extend to attorney work product or documents upon which the attorney relied, unless they were somehow disclosed" to the alleged infringer. 954 F. Supp. at 1199-1200. The

court reasoned that "[c]ounsel's mental impressions, conclusions, opinions, or legal theories are not probative of [the infringer's] state of mind unless they have been communicated to that client." at 1199 (quoting *Thorn EMI N. Am., Inc. v. Micron Tech., Inc.,* 837 F. Supp. 616, 621 (D. Del. 1993)). In short, documents not disclosed remain privileged because what is at issue is the mind of the alleged willful infringer, not that of his patent counsel

At the other end of the spectrum are cases requiring the alleged willful infringer to produce not just attorney-client communications, but all attorney work product relevant to the patent opinion. Some courts even include "mental impression" work product. For example, in *Mushroom Assocs. v. Monterey Mushrooms, Inc.,* 24 U.S.P.Q.2d (BNA) 1767 (N.D. Cal. 1992), the court, after summarizing the distinction between attorney mental impressions and other work product, held that "[a]ll documents containing work product relevant to the infringement issue must be produced," including mental impression work product. Id. at 1771. The court reasoned that "knowing what the attorney thought about infringement bears directly on the defendants' advice of counsel defense..." and that "[d]iscovery of mental impression work product may be the only way to have access to the circumstances and factors surrounding the advice." Id. In short, the alleged infringer must produce all relevant work product because the patent owner needs to know the circumstances surrounding how patent counsel came to his or her opinion—in order to determine whether the alleged infringer relied upon the opinion in good faith.

Given the divergence of views, as well as the number of California opinions allowing discovery of documents and opinions not disclosed to the client, it might be wise for local companies to consider approaching their patent opinion counsel as if all documents, disclosed and undisclosed, concerning the patent opinion are discoverable. See, e.g., *Dunhall Pharms., Inc. v. Discus Dental, Inc.,* 994 F. Supp. 1202, 1204-06 (C.D. Cal. 1998) (holding that the patentee was entitled to "any evidence relating to the subject matter of the asserted defense, whether or not communicated to the defendants"); *Hoover Universal, Inc. v. Graham Packaging Corp.,* 44 U.S.P.Q.2d (BNA) 1596, 1598 (C.D. Cal. 1996) (extending the privilege waiver "to internal law firm documents related to the subject matter of the opinion letters").

Another issue is the temporal scope of the waiver. The prevailing view appears to be that "[o]nce the lawsuit is filed, the waiver of work product protection ends." *Dunhall Pharms.,* 994 F. Supp. at 1206 (finding that "the balance of competing interests shifts at the time the lawsuit is filed"). Post-complaint discovery might be allowed, however, where the alleged infringer alters its operations in response to legal advice after suit is filed, see, e.g., *Bristol-Myers Squibb v. Rhone-Poulenc Rorer,* 52 U.S.P.Q.2d (BNA) 1908 (S.D.N.Y. 1999) (allowing post-complaint discovery of legal advice given to corporate officers of the alleged infringer where the alleged infringer made significant changes in its business operations after suit was filed), or where the alleged infringer did not obtain a counsel opinion until after suit was filed, see, e.g., *D.O.T. Connectors v. J. B. Nottingham & Co.,* 2001 U.S. Dist. LEXIS 739 at *9 (N.D. Fla. 2001).

Thus, courts vary widely in their construction of the attorney-client/work product privilege waivers when an alleged infringer relies on an advice of counsel defense to a charge of willful infringement. It appears that most courts consider the assertion of an opinion defense to constitute the waiver of the attorney-client privilege as to communications concerning the subject matter of the counsel opinion. The prevailing opinion also appears to find at least some waiver of the work product protection. Moreover, courts might allow some post-complaint discovery.

Based on the foregoing, companies might consider proceeding as if all attorney communications they receive from patent opinion counsel are not protected by the attorney client privilege. Moreover, there is a good chance that a court will order discovery of all documents and evidence which the patent opinion counsel considered. In

sum, keep in mind that your present interactions with patent counsel might not be privileged later.

Practice Areas

Intellectual Property