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COMMENTS

PATENT ATTORNEYS AND THE ATTORNEY-CLIENT PRIVILEGE

I. INTRODUCTION

Attorneys provide clients with legal opinions and advice. As a general rule, related communications between the client and attorney are protected from disclosure by the attorney-client privilege in order to encourage full and frank discussion.¹ Furthermore, if services are requested in anticipation of litigation, the work product generated by the attorney while performing the services is protected from disclosure by the work product doctrine.²

Unique to patent law, patent attorneys and their clients do not necessarily enjoy the protection provided by the attorney-client privilege and work product doctrines. Some courts have ruled that communications between inventors and their patent attorneys for the purpose of patent applications are technical rather than legal in nature.³ Accordingly, these courts have not extended the attorney-client privilege to protect these communications. Furthermore, courts have generally ruled that the protections provided by the attorney-client privilege and work product doctrine are implicitly waived in situations where a defendant's state of mind is used to defend against willful patent infringement charges.⁴ Hence, patent attorneys must prosecute patent applications and write opinion letters with the knowledge that the attorney-client privilege and work product doctrines may not apply.

Due to this unique facet of patent law, the tactic of charging willful patent infringement is sometimes used by patent litigation plaintiffs to overcome the traditional doctrines of attorney-client privilege and work product immunity in order

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1. See *infra* text accompanying note 43.
 2. See *infra* text accompanying notes 101-06.
 3. See *infra* text accompanying notes 69-75.
 4. See *infra* text accompanying notes 165-67.

to compel production of otherwise undiscoverable evidence. This situation, combined with the potential for very large judgments in patent litigation, especially in willful infringement cases, has made the court's treatment of these issues of tremendous interest to the patent trial bar.⁵

This comment discusses whether the protection provided to patent attorneys and their clients by the attorney-client privilege and work product doctrines should extend to technical information in patent applications and infringement opinions. It also explores the technique of challenging the attorney-client privilege by using a willful infringement charge. First, this comment addresses these issues by reviewing the background, history, and policy reasons underlying existing statutes and case law related to attorney-client privilege and work product doctrine in patent prosecution and litigation.⁶ Next, this comment analyzes these issues as they relate to existing case law and statutes, reviews recent decisions, and interprets their possible legal effects.⁷ Finally, this comment proposes some strategies and approaches patent attorneys can use to contend with the deprivation of protection normally given to attorney-client communications and attorney work product.⁸

II. BACKGROUND

A. *Setting the Stage: Mixing Law and Technology*

1. *Patent Prosecution*

The United States Constitution provides persons the opportunity to receive patents for their inventions for the purpose of promoting the "[p]rogress of [s]cience and useful [a]rts."⁹ Issued patents provide their owners with seventeen

5. Douglas A. Strawbridge et al., *A Review Of Recent Decisions Of The United States Court Of Appeals For The Federal Circuit: Area Summary: Patent Law Developments In The United States Court Of Appeals For The Federal Circuit During 1986*, 36 AM. U. L. REV. 861, 891 (1987) ("Because of the potential for very large judgments in patent cases, the court's treatment of damages issues is of great interest to the patent trial bar.").

6. See *infra* part II.

7. See *infra* part IV.

8. See *infra* part V.

9. U.S. CONST. art. I, § 8, cl. 8. This portion of the Constitution states: "The Congress shall have Power . . . To promote the Progress of Science and useful Arts, by securing for limited Times to Authors and Inventors the exclusive Right to their respective Writings and Discoveries." *Id.* Accordingly, in

years of exclusive rights to their inventions in exchange for full disclosure of their inventions.¹⁰ In the United States, “[w]hoever invents or discovers any new and useful process, machine, [article of] manufacture, or composition of matter”¹¹ is entitled to receive a patent.

The primary criteria that patent applicants must satisfy to receive a patent in the United States are novelty, usefulness, and nonobviousness.¹² Because the ultimate goal of United States patent law is to encourage public dissemination of new and useful inventions,¹³ a patent application must disclose the claimed invention with a degree of specificity sufficient to enable a person with ordinary skill in the art to make and use the invention.¹⁴ Consequently, once issued, a patent is on public record for the benefit of society.¹⁵ The new ideas and information disclosed in the patent are available for everyone, including other scientists and competitors, to learn and discover.

Receiving a patent is not a simple task for an inventor. The complexity involved in patent applications, combined with the myriad of complicated patent statutes and regulations,¹⁶ motivates most inventors to use patent attorneys to obtain patents from the United States Patent and Trademark Office [hereinafter PTO]. During this course of action, the in-

order to “promote” science and the arts, Congress established patents to encourage inventors to disclose their ideas in exchange for exclusive rights to their inventions. See generally *infra* notes 10, 15 and accompanying text.

10. 35 U.S.C. § 154 (1988). Federal statute 35 U.S.C. § 154 states in pertinent part: “[e]very patent shall contain . . . a grant to the patentee . . . for the term of seventeen years . . . the right to exclude others from making, using, or selling the invention throughout the United States . . .” *Id.*

11. *Id.* § 101.

12. *Id.* §§ 101-103.

13. See *supra* note 9 and accompanying text.

14. 35 U.S.C. § 112 (1988). Federal statute 35 U.S.C. § 112 states in pertinent part:

The [patent application] shall contain a written description of the invention, and the manner and process of making and using it, in such full, clear, concise, and exact terms to enable any person skilled in the art to which it pertains, or with which it is most nearly connected, to make and use the same, and shall set forth the best mode contemplated by the inventor of carrying out his invention.

Id.

15. 37 C.F.R. § 1.11(a) (1993). The regulation states in pertinent part: “After a patent has been issued . . . the specification, drawings and all papers relating to the case in the file of the patent . . . are open to inspection by the public . . .” *Id.*

16. See, e.g., 35 U.S.C. §§ 1-376 (1988); 37 C.F.R. §§ 1.1-1.825 (1993).

ventor discloses all related information concerning the invention to the patent attorney. The patent attorney then interprets the disclosed information and prepares a patent application. The patent attorney files the patent application with the PTO, where a PTO Examiner then evaluates the patent application to determine whether the invention described in the application is patentable.¹⁷ Typically, the PTO Examiner initially rejects a patent application for a number of reasons and the patent attorney must respond to the PTO Examiner's rejections accordingly.¹⁸ This persuasion process, also referred to as patent prosecution, generally involves a series of exchanges between the patent attorney and the PTO Examiner before the patent application is ultimately rejected or issued.¹⁹

2. *Opinion Letters*

As society becomes more technologically advanced, the task of designing and inventing a new product becomes increasingly complex. In general, a new product design emerges in one of two ways.²⁰ First, a highly innovative product may be designed which is vastly different from any other existing product.²¹ Because the invention would be revolutionary in nature, the innovative design process may often be very expensive and time consuming.²² For this reason,

17. 35 U.S.C. § 131 (1988). This section provides that, "[t]he Commissioner shall cause an examination to be made of the [patent] application [by a PTO Examiner] and the alleged new invention; and if on such examination it appears that the applicant is entitled to a patent under the law, the Commissioner shall issue a patent therefor." *Id.*

18. *Advanced Cardiovascular Sys., Inc. v. C.R. Bard, Inc.*, 144 F.R.D. 372, 376 (N.D. Cal. 1992) (describing how the PTO often rejects applications as initially presented and how patent lawyers must respond through a series of exchanges and dense writings).

19. The PTO Examiner often rejects patent applications as initially presented because of the demanding standards required for a patent to issue. *Id.* Accordingly, the prosecuting patent attorney must engage in a potentially multi-staged process of submissions, rejections, and resubmissions of the patent application in order to persuade the PTO Examiner to issue the patent. *Id.*

20. David A. Nelson, Comment, *Attorney-Client Privilege and Procedural Safeguards: Are They Worth the Costs?*, 86 *Nw. U. L. Rev.* 368, 370 (1992).

21. *Id.* (citing R. SMITH, *ENGINEERING AS A CAREER*, 84-89 (1962)).

22. *Id.* at 370 n.17. "For example, the design of a revolutionary defense system such as the Strategic Defense Initiative may require thousands of engineers and physicists, a few decades, and a few trillion dollars to design and build." *Id.*

many manufacturers prefer alternative methods of product development.²³

An alternative method involves the development of new products by simply refining or improving an existing design or idea.²⁴ Because this type of product design is less expensive than the creation of a new, innovative, and revolutionary product, companies often develop this type of new product to compete with an existing competitor's product.²⁵

However, the latter type of new product development carries with it the inherent risk of infringing on a competitor's relevant patents. One method designers use to avoid this problem is to study existing relevant patents.²⁶ The existing patents disclose information designers can use to design their own inventions around existing patents, thus avoiding infringement of other patents.²⁷

Designing new products around an existing patent is not always a simple task, thus, developers commonly consult with patent attorneys to determine the scope and validity of competitors' patents.²⁸ To ascertain the scope and validity of a patent, the patent attorney studies the patent and its associated prosecution history. In addition, the patent attorney will search for the existence of any other relevant prior art²⁹ that was not considered by the PTO Examiner during the prosecution of the patent application at issue.

23. *Id.* at 370. (citing Baker, *Patent Infringement: Quantifying the Risks, Rewards, and Damages*, 1987 PAT. L. ANN. 5-1, 5-4 (1988)). "[T]he expected costs and the uncertainty of competition in the research lab, together with the expected lost time, lost market share, and lost profits, can far outweigh the expected costs of competition in the courtroom . . ." *Id.* at 370 n.18.

24. *Id.* at 370.

25. *Id.* at 370-71 (citing Davidson, *Reverse Engineering and the Development of Compatible and Competitive Products Under United States Law*, 5 SANTA CLARA COMPUTER AND HIGH TECH. L.J. 399, 401-03 n.19 (1989)).

26. See *supra* note 15 and accompanying text.

27. See, e.g., *Rolls-Royce Ltd. v. GTE Valeron Corp.*, 800 F.2d 1101, 1109 (Fed. Cir. 1986) (considering a situation that involved a defendant who attempted to design around a patent's claims in an attempt to avoid willful infringement).

28. See, e.g., *American Standard Inc. v. Pfizer Inc.*, 828 F.2d 734, 744 (Fed. Cir. 1987) (considering a situation that involved a defendant that retained outside counsel to render legal opinion concerning the validity of a competitor's patent).

29. "In patent law, [prior art] includes any relevant knowledge, acts, descriptions and patents which pertain to, but predate, invention in question." BLACK'S LAW DICTIONARY 1193 (6th ed. 1990).

Typically, the patent attorney will then prepare an opinion letter for the client which summarizes the patent attorney's research, opinions, and conclusions. In the letter, the patent attorney discusses whether he or she believes the competitor's patent to be valid and enforceable, and whether the client should be concerned with any potential infringement issues. If patent counsel is able to provide a positive opinion, the client may proceed with the activity in question.³⁰ However, because of the high stakes involved in patent actions,³¹ patent attorneys often draft opinion letters conservatively and err on the side of caution.³²

Another common situation that calls for a patent attorney to prepare an opinion letter involves client knowledge of a relevant patent. In this scenario, the client somehow knows of another's patent and the patent owner knows of the client's activities and sends a formal notice of infringement.³³ After the client receives the formal notice, he or she discloses the relevant information to, and consults with, the patent attorney who reviews the situation to determine whether any legal issues have arisen. Typically, the patent attorney then prepares a corresponding opinion letter which describes the situation and determines whether actual infringement issues may exist.

B. *Privilege In General*

In litigation, discovery is the traditional method used to obtain facts and information from the opposing party. Courts recognize that, generally, it is necessary to allow the discovery of facts, opinions, and documents held by others in prepa-

30. If the client is aware of possible infringement of another patent and the client does not obtain a positive opinion from patent counsel, he or she may face increased infringement damages if found liable. See *Underwater Devices Inc. v. Morrison-Knudsen Co.*, 717 F.2d 1380, 1389-90 (Fed. Cir. 1983). See also *infra* notes 163-76 and accompanying text.

31. See, e.g., Thomas R. King & James P. Miller, *Honeywell Told to Pay Litton \$1.2 Billion Sum*, WALL ST. J., Sept. 1, 1993, at A4. A federal court jury ordered a defendant to pay the plaintiff \$1.2 billion dollars in damages for willfully infringing a patent. *Id.*

32. Nelson, *supra* note 20, at 372-73.

33. See, e.g., *Underwater Devices Inc.* 717 F.2d at 1384 (Fed. Cir. 1983) (describing how the defendant received notice from the patent owner and how the defendant was initially offered a license to use the patented invention).

ration for trial.³⁴ Courts also recognize, however, that some limits must be placed on the amount of discovery available to parties during litigation to avoid harassment, intimidation, or other similar forms of abuse.³⁵ One method used by the courts to restrict discovery involves allowing parties access only to information from adverse parties that is not otherwise privileged or immune.³⁶

The rule of privilege is established in Article V, Rule 501, of the Federal Rules of Evidence.³⁷ Federal Rule of Evidence 501 left the then existing law of privileges intact and did not establish any specific privileges, thus leaving this area to be governed by common law and state law.³⁸ Congress intended that the courts should continue to develop the federal com-

34. Roger L. Cook, *Boundaries Of Discovery In Patent Litigation*, 299 PLI/PAT. 77, 80 (1990).

35. See generally *Hickman v. Taylor*, 329 U.S. 495, 510-11 (1947) (reasoning that it is essential that a lawyer have the ability to work with a certain degree of privacy, free from unnecessary intrusion by opposing parties and their counsel).

36. See, e.g., FED. R. CIV. P. 26(b)(1). This rule states, "Parties may obtain discovery regarding any matter, not privileged, which is relevant to the subject matter involved in the pending action . . ." *Id.*

37. When the U.S. Congress originally considered Article V, the privileges contained included: "(1) required reports privileged by statute, (2) lawyer-client, (3) psychotherapist-patient, (4) husband-wife, (5) communications to clergymen, (6) political vote, (7) trade secrets, (8) secrets of state and other official information, and (9) identity of informer." HOUSE COMM. OF JUDICIARY, FED. RULES OF EVIDENCE, H.R. REP. NO. 650, 93d Cong., 1st Sess. 8 (1973). Congress' final enactment of Article V replaced the original thirteen rules with Rule 501 which states:

Except as otherwise required by the Constitution of the United States or provided by Act of Congress or in rules prescribed by the Supreme Court pursuant to statutory authority, the privilege of a witness, person, government, State, or political subdivision thereof shall be governed by the principles of the common law as they may be interpreted by the courts of the United States in the light of reason and experience. However, in civil actions and proceedings, with respect to an element of claim or defense as to which State law supplies the rule of decision, the privilege of witness, person, government, State, or political subdivision thereof shall be determined in accordance with State law.

FED. R. EVID. 501.

38. *Lewis v. United States*, 517 F.2d 236, 238 n.4 (9th Cir. 1975) (citing S. REP. NO. 1277, 93d Cong., 2d Sess. 6-7, 11-13 (1974); H.R. REP. NO. 650, 93d Cong., 1st Sess. 8-9 (1973); H.R. CONF. REP. NO. 1597, 93d Cong., 2d Sess. 7-8 (1974)); 1974 U.S.C.C.A.N. 7108, 7110. Congressman Hungate, Chairman of the House Judiciary Subcommittee on Criminal Justice, stated that Rule 501 was "not intended to freeze the law of privilege as it now exists, . . . [Rule 501] permits the courts to develop . . . privilege . . . on a case-by-case basis." *Id.*

mon law of privilege on a case-by-case basis.³⁹ Many states, including California, have a specific rule for each privilege.⁴⁰

C. *Attorney-Client Privilege*

1. *Nature Of The Attorney-Client Privilege*

The attorney-client privilege remains the oldest common law privilege protecting confidential communications.⁴¹ The privilege protects disclosure of confidential attorney-client communications made while the client seeks legal advice.⁴² As stated by the Supreme Court, the purpose of the attorney-client privilege is "to encourage full and frank communications between attorneys and their clients . . . to protect not only the giving of professional advice to those who can act on it, but also the giving of information to the lawyer to enable him to give sound and informed advice."⁴³

To establish the attorney-client privilege, there must be: (1) a communication, (2) between a lawyer and a client, (3) in confidence, (4) for the purpose of seeking legal advice, and (5) the privilege must be asserted by the client.⁴⁴

2. *Who Holds the Attorney-Client Privilege?*

It is generally accepted that the client, not the attorney, holds the attorney-client privilege and has the power to as-

39. See, e.g., *United States v. Arthur Young & Co.*, 465 U.S. 805 (1984). In *Arthur Young*, the Internal Revenue Service sought an audit record of the respondent public accountant firm. *Id.* at 808-09. The respondent asserted that the tax accrual workpapers were protected from disclosure because of the privileged relationship between the accountant and the client. *Id.* at 809. After considering the issues, the Supreme Court held that public interests outweighed any existing accountant-client privilege. *Id.* at 819.

40. For example, rules governing the lawyer-client privilege in California are set forth in CAL. EVID. CODE § 954 (West 1987).

41. 8 WIGMORE, EVIDENCE § 2290 (McNaughton rev. 1961).

42. *Burroughs Wellcome Co. v. Barr Lab., Inc.*, 143 F.R.D. 611, 615 (E.D.N.C. 1992).

43. *Upjohn v. United States*, 449 U.S. 383, 389-90 (1981). See also *Hunt v. Blackburn*, 128 U.S. 464, 470 (1888) ("[The privilege is] founded upon the necessity, in the interest and administration of justice, of the aid of persons having knowledge of the law and skilled in its practice, which assistance can only be safely and readily availed of when free from the consequence or the apprehension of disclosure.").

44. See *United States v. United Shoe Mach. Corp.*, 89 F. Supp. 357, 358-59 (D. Mass. 1950).

sert it.⁴⁵ The attorney, however, may also assert the attorney-client privilege on behalf of the client.⁴⁶ In either case, the asserting party must satisfy all the elements of the privilege and show that the elements were present during the relevant communication.⁴⁷

With regard to a corporation, where the "in-house" counsel is the "attorney" and the corporation is the "client," a difficult issue to resolve is determining which employees within the organization are qualified to communicate to the "attorney" so that the privilege attaches. With respect to this issue, courts have broadly interpreted "client" to include any officer, director, or employee of the corporation when the communication occurs under certain conditions.⁴⁸

3. *Who Does the Attorney-Client Privilege Protect?*

In general, the attorney-client privilege protects communications, between attorneys and their clients, that are made with the intention of being confidential and with the purpose of obtaining legal advice.⁴⁹ However, this rule has not been straightforward in its application when considered within the context of patent litigation. Application of the attorney-client privilege to patent litigation has dramatically changed over

45. See *Roberts v. Heim*, 123 F.R.D. 614, 639 (N.D. Cal. 1988) (stating that the client is the holder of the attorney-client privilege and that the client has the right to assert such privilege).

46. *United States v. Fisher*, 692 F. Supp. 488, 494 (E.D. Pa. 1988).

47. *International Tel. & Tel. Corp. v. United Tel. Co.*, 60 F.R.D. 177, 184 (M.D. Fla. 1973).

48. See generally *Upjohn Co. v. United States*, 449 U.S. 383, 386-95 (1981) (considering the attorney-client privilege in the corporate context). In *Upjohn*, the Supreme Court refused to set forth a formal test to determine when the attorney-client privilege should attach, but the Court did outline a number of considerations. *Id.* at 386. The Court rejected a "control group" test set forth by the lower court which effectively discouraged communication of relevant information by corporate employees to attorneys seeking to render legal advice. *Id.* at 392. The Court reasoned that such narrow protection would not only frustrate corporate attorneys' efforts to formulate sound advice to the corporation, but also inhibit efforts to ensure that the corporations complied with the law. *Id.* Instead, the Court considered factors which included whether the employees were acting under the direction of corporate superiors, the subject matter of the communications, and the scope of the employee's corporate duties. *Id.* at 394. Ultimately, after considering these factors, the Supreme Court held that these corporate attorney-client communications were, in fact, protected by the attorney-client privilege. *Id.* at 395.

49. See *supra* text accompanying note 44.

the past forty years since the ruling in *United States v. United Shoe Machinery Corp.*⁵⁰

In *United Shoe*, the district court effectively excluded patent attorneys from protection under the attorney-client privilege doctrine.⁵¹ The court held that patent validity opinions should not be protected under the attorney-client privilege, reasoning that the prosecution of patent applications and determination of patent validity questions fell outside the practice of law.⁵² The court also reasoned that patent validity opinions could not be confidential because they were simply reports on the status of public documents.⁵³ Commentators have criticized this rationale and have stated that many judges "presumably believed that while among engineers, patent lawyers might be considered to be lawyers, [but] among lawyers they were merely engineers."⁵⁴

The district court in *Zenith Radio Corp. v. Radio Corp. of America*⁵⁵ also held that the technical information conveyed during patent prosecution was not privileged because it failed to characterize the activities of patent attorneys as the practice of law.⁵⁶ The court reasoned that patent attorneys "do not 'act as lawyers' when . . . largely concerned with technical aspects of a business or engineering character."⁵⁷

In summary, courts in the past generally held the view that communications between inventors and their patent attorneys did not satisfy the necessary elements of attorney-client privilege in order for the information to be protected.⁵⁸ This position was based, in part, on the perception that because the dialogue was intended to result ultimately in a patent, which is a public document,⁵⁹ the "communication made in confidence" element of the attorney-client privilege remained unsatisfied. Moreover, the courts further maintained that because the communications contained large amounts of

50. 89 F. Supp. 357 (D. Mass. 1950).

51. *Id.* at 361.

52. *Id.*

53. *Id.* at 359 ("[T]here is no privilege for so much of a lawyer's letter, report, or opinion as relates to . . . a public document such as a patent . . .").

54. Donald W. Banner, *Something There Is That Doesn't Love A Wall*, 258 PLI/PAT. 707, 710 (1988).

55. 121 F. Supp. 792 (D. Del. 1954).

56. *Id.* at 794.

57. *Id.*

58. See generally *supra* text accompanying note 44.

59. See *supra* note 15 and accompanying text.

technical information, the "seeking legal advice" element of the attorney-client privilege also was not satisfied.⁶⁰

The Supreme Court later rejected these views in *Sperry v. Florida ex rel. Florida Bar*⁶¹ when it characterized the work of patent attorneys as, in fact, the practice of law.⁶² This ruling allowed documents generated by patent attorneys to fall within the protection provided by the attorney-client privilege. The *Sperry* court reasoned that patent attorneys' activities include a number of responsibilities requiring legal skills, such as advising clients on the patentability of their inventions under statutory criteria, advising on alternative forms of protection available under state law and drafting patent claims.⁶³ Thus, a significant amount of dialogue between the inventor and the patent attorney is, in fact, communicated in confidence for the purpose of seeking legal advice. Furthermore, the *Sperry* court noted that a patent is "one of the most difficult legal instruments to draw with accuracy,"⁶⁴ and that when a patent application is rejected, patent attorneys must prepare arguments to establish patentability in accordance with applicable statutes and case law.

The reasoning outlined in *Sperry* allows patent attorneys to enjoy the same attorney-client privileges as other attorneys.⁶⁵ The privilege has been extended to communications with both corporate in-house patent counsel and outside patent counsel.⁶⁶

4. *Limits of the Attorney-Client Privilege*

There is a division among the courts⁶⁷ as to whether the facts and the technical information clients communicate to

60. See generally *supra* text accompanying note 44.

61. 373 U.S. 379 (1963).

62. *Id.* at 383.

63. *Id.*

64. *Id.*

65. *Weil Ceramics & Glass, Inc. v. Work*, 110 F.R.D. 500, 504 (E.D.N.Y. 1986). As a general rule, the attorney-client privilege also extends to the regular employees under the control of the patent attorney. *Zenith Radio Corp. v. Radio Corp. of Am.*, 121 F. Supp. 792, 794 (D. Del. 1954). These people include secretaries, office clerks, law clerks, and other similar personnel under the direct supervision and control of the patent attorney. *Id.* at 794. Communications made to these persons will be privileged to the same extent as if made to patent attorneys. *Id.*

66. *Burlington Indus. v. Exxon Corp.*, 65 F.R.D. 26, 36 (D. Md. 1974).

67. It should be noted that Congress created the Court of Appeals for the Federal Circuit in 1982 to review exclusively, among other things, district court

attorneys during the prosecution of patent applications is protected by the attorney-client privilege.⁶⁸

Courts have basically taken two approaches to this matter. One approach, stated in *Jack Winter, Inc. v. Koratron Co.*,⁶⁹ maintains that factual or technical information communicated to the patent attorney, which the attorney will later disclose to the PTO to prosecute the patent application, is not privileged.⁷⁰ The *Jack Winter* court maintained that the technical information conveyed from the client to the attorney during patent prosecution is not privileged because the role of the patent attorney was little more than a conduit for conveying such information to the PTO.⁷¹ In support of this argument, the court cited Title 35 of United States Code Section 112, which requires all applicable, factual, and technical information to be disclosed to the PTO.⁷² Because the inventor is statutorily required to disclose all of this information to the PTO, and the resulting patent is a public document,⁷³ the court reasoned that the technical or factual information given to or prepared by the patent attorney does not satisfy the confidentiality requirement necessary for the attorney-client privilege.⁷⁴ The court stated:

As we view it, the attorney exercises no discretion as to what portion of this information must be relayed to the Patent Office. He must turn *all* such factual information over in full to the Patent Office pursuant to 35 U.S.C.

decisions relating to patent matters. 28 U.S.C. § 1295(a) (1988). Congress established the Federal Circuit to consider these district court decisions instead of the regular circuit courts for the purpose of establishing uniform laws relating to patents. See *infra* note 173.

68. Gregory J. Battersby et al., *The Attorney-Client Privilege and Work Product Immunity in the Eyes of the Accused Infringer*, 15 AIPLA Q.J. 231, 236 (1987).

69. 50 F.R.D. 225 (N.D. Cal. 1970).

70. *Jack Winter, Inc. v. Koratron Co.*, 50 F.R.D. 225, 228 (N.D. Cal. 1970).

71. *Id.* at 228.

72. Federal statute 35 U.S.C. § 112 states in part:

The specification shall contain a written description of the invention, and of the manner and process of making and using it, in such *full, clear, concise, and exact terms* as to enable any person skilled in the art to which it pertains, or with which it is most nearly connected, to make and use the same, and shall set forth the best mode contemplated by the inventor carrying out his invention.

35 U.S.C. § 112 (1988) (emphasis added).

73. See *supra* note 15 and accompanying text.

74. *Jack Winter*, 50 F.R.D. at 228.

§ 112, and hence with respect to such material he acts as a conduit between his client and the Patent Office.⁷⁵

On the other hand, the view expressed by the court in *Knogo Corp. v. United States*⁷⁶ permits documents containing technical information to be privileged. The *Knogo* court concluded that the characterization of a patent attorney as a mere "conduit" was an oversimplification and criticized the reasoning in *Jack Winter* by stating:

A distinction can be made between the duty to disclose how to make and use the invention and the mere funneling of technical information from the client through the attorney to the [PTO]. The former is the job of the patent attorney, while the latter is an inaccurate and uninformed characterization of the patent attorney's role in the preparation and prosecution of a patent application.⁷⁷

The *Knogo* court's reasoning is consistent with the logic set forth in *Sperry*, considering that, there, the Supreme Court described patent attorneys' responsibilities to be legal in nature.⁷⁸

With regard to a patent attorney's duty to provide the PTO with all technical information pursuant to section 112, patent attorneys only have a duty to disclose *material* information to the PTO while prosecuting patent applications pursuant to federal regulations.⁷⁹ Under the *Knogo* court's holding, the attorney-client privilege still does not apply to the technical information itself, but only to the communication that takes place between the client and the attorney.⁸⁰ Parties attempting to avail themselves of the attorney-client privilege must still establish that the communication requested or rendered legal advice, and that the technical or business information contained within the communication was merely incidental to the underlying legal services.⁸¹

In a recent decision, the Eastern District Court of Louisiana followed the *Knogo* precedent, and commented that the

75. *Jack Winter, Inc. v. Koratron Co.*, 50 F.R.D. 225, 228 (N.D. Cal. 1970).

76. 213 U.S.P.Q. 936 (Ct. Cl. 1980).

77. *Id.* at 940.

78. See *supra* text accompanying notes 61-64.

79. Patent attorneys have the "duty to disclose to the [PTO] all information known . . . to be material to the patentability [of the invention]." 37 C.F.R. § 1.56(a) (1993).

80. See *generally supra* text accompanying note 44.

81. *Burlington Indus. v. Exxon Corp.*, 65 F.R.D. 26, 38 (D. Md. 1974).

Knogo approach is more accurate because it “understands the transactional give-and-take that occurs between inventor and patent lawyer in the patent acquisition process.”⁸² The court held that an emphasis should be placed on any dialogue in which the patent attorney encourages the inventor “to think critically about what are the logical technical limits of the claimed invention.”⁸³ By focusing on the dialogue aspect of the communications, the court reasoned that technical information exchanged between the inventor and the patent attorney should be evaluated in the context of the attorney-client relationship rather than documents isolated from the patent application process.⁸⁴ The court concluded that documents generated during patent prosecution are protected by the attorney-client privilege if they reflect “the ongoing dialogue” or the “transactional give-and-take” between the inventor and patent attorney.⁸⁵

In another recent decision, the United States District Court for the Northern District of California considered, in *Advanced Cardiovascular Systems, Inc. v. C.R. Bard, Inc.*,⁸⁶ the situation of technical communications between inventors and their patent attorneys.⁸⁷ The subject communications included those made in order to file patent applications, and related disclosure between inventors and their patent attorneys setting forth their respective understanding of key technical phrases used within the patent claims.⁸⁸ In an earlier decision, the same court had reasoned that the “attorney-client privilege generally should not protect communications from inventors to their lawyers when the communications consist largely of technical information counsel would need in preparing an application for patent.”⁸⁹ In *Advanced Cardiovascular*, the court reversed the portion of its earlier opinions which had followed *Jack Winter*.⁹⁰ The court held that “communications from inventor to patent lawyer, even those that

82. *Laitram Corp. v. Hewlett-Packard Co.*, 827 F. Supp. 1242, 1246 (E.D. La. 1993).

83. *Id.* at 1245.

84. *Id.* at 1246.

85. *Id.*

86. 144 F.R.D. 372 (N.D. Cal. 1992).

87. *Id.* at 373.

88. *Id.*

89. *Id.* at 374.

90. *Id.*

are *entirely technical*, remain *presumptively* protected by the attorney-client privilege.⁹¹ The court reasoned that "inventors and their patent lawyers often engage in quite substantial private dialogue as part of the process of shaping and focusing a patent application, and that it is reasonable for them to expect that dialogue to remain confidential."⁹² Thus, this decision allows clients the reasonable expectation that communications relating to legal issues with a patent attorney, as with any other type of attorney, are confidential. This expectation is inconsistent, of course, with the court decisions that have presumed communications with patent attorneys not to be confidential because of the reporting requirements, as well as the public nature of an issued patent.⁹³

In a similar fashion, the district court in *Ball Corp. v. American National Can Co.*⁹⁴ held that draft patent applications are also protected by the attorney-client privilege, as well as notes on communications between counsel, inventor, and licensee, and drafts of agreements with third parties.⁹⁵ The court ruled that information must be allowed to flow freely between a client inventor and the patent attorney before the patent application is filed with the PTO, just as it must in an ordinary civil case before the filing of a complaint in court.⁹⁶ The court further commented that "[t]here is nothing inherent in patent practice that diminishes the value of respecting an intended confidential communication to an attorney."⁹⁷

5. *Uncertain Protection of Technical Communications under the Attorney-Client Privilege*

In summary, a clear division of authority exists on the important issue of whether technical communications between inventors and their patent attorneys are protected.⁹⁸ Courts have generally followed either the *Jack Winter*⁹⁹ or

91. *Advanced Cardiovascular Sys., Inc. v. C.R. Bard, Inc.*, 144 F.R.D. 372, 378 (N.D. Cal. 1992) (emphasis added).

92. *Id.* at 378.

93. See *supra* text accompanying notes 69-75.

94. 27 U.S.P.Q.2d 1958 (S.D. Ind. 1993).

95. *Id.* at 1959.

96. *Id.*

97. *Id.*

98. *Advanced Cardiovascular Sys., Inc. v. C.R. Bard, Inc.*, 144 F.R.D. 372, 374 (N.D. Cal. 1992).

99. See *supra* text accompanying notes 69-75.

the *Knogo* line of authority.¹⁰⁰ As a result, the amount of protection provided to technical information communicated between clients and patent attorneys during patent prosecution may vary depending on the particular jurisdiction.

D. *Work Product Doctrine*

1. *Nature of Work Product Doctrine*

Work product immunity is a relatively young legal doctrine when compared to the attorney-client privilege.¹⁰¹ The work product doctrine was established by the Supreme Court in *Hickman v. Taylor*,¹⁰² when it held that an attorney's notes prepared in anticipation of litigation, even though not protected by the attorney-client privilege, were still not discoverable because they were the attorney's work product.¹⁰³ The *Hickman* court reasoned that an attorney should be able to plan his or her strategy without undue and needless interference, and that a lawyer should be able to work "with a certain degree of privacy, free from unnecessary intrusion by opposing parties and their counsel."¹⁰⁴ The *Hickman* court characterized the attorney's work product as "interviews, statements, memoranda, correspondence, briefs, mental impressions, [and] personal beliefs."¹⁰⁵ The Court rationalized that "[w]here such materials open to opposing counsel on mere demand, much of what is now put down in writing would remain unwritten."¹⁰⁶

The purpose of the work product doctrine is to protect the attorney from discovery of protected documents by adverse parties.¹⁰⁷ This immunity protects documents created by the attorney which may not be entitled to the attorney-client privilege.¹⁰⁸ This characteristic distinguishes the work product doctrine from attorney-client privilege. Furthermore, be-

100. See *supra* text accompanying notes 76-81.

101. See *supra* text accompanying notes 42-45.

102. 329 U.S. 495 (1947).

103. See *Hickman v. Taylor*, 329 U.S. 495, 510-12 (1947).

104. *Id.* at 510-11.

105. *Id.* at 511.

106. *Id.*

107. See *id.* at 510-12 (discussing how it is essential that a lawyer be able to work with a degree of privacy free from unnecessary intrusion by an opposing party).

108. See *supra* text accompanying notes 42-44.

cause the attorney is the holder of work product immunity privilege, the attorney may assert it.¹⁰⁹

Since the *Hickman* decision, the work product doctrine has been codified in the Federal Rules of Civil Procedure at Rule 26(b)(3).¹¹⁰ The codified rule provides a qualified immunity to an attorney's work product and only allows another party to obtain the protected information if he or she can show both a substantial need and undue hardship.¹¹¹ In the absence of such a showing, the rule provides an absolute immunity to an attorney's mental impressions, conclusions, opinions, and legal theories.¹¹²

One important point to be noted here is that the work product doctrine generally protects documents that the attorney generates in *anticipation* of litigation.¹¹³ In general, documents generated by the client during normal business activity will not be classified as protected work product because they are unrelated to litigation.¹¹⁴ The work product doctrine applies to material prepared when litigation is imminent; the mere *possibility* that litigation exists is generally not sufficient.¹¹⁵ Thus, the district court in *Hercules Inc. v. Exxon Corp.* formulated a test to determine whether documents were generated in anticipation of litigation: "the test to be applied is whether, in light of the nature of the documents and the factual situation in this particular case, the docu-

109. See *Doubleday v. Ruh*, 149 F.R.D. 601, 605-06 (E.D. Cal. 1993).

110. FED. R. CIV. P. 26(b)(3) states:

Subject to the provisions of subdivision (b)(4), a party may obtain discovery of documents and tangible things otherwise discoverable under subdivision (b)(1) of this rule and prepared in anticipation of litigation or for trial or for another party or by or for that other party's representative . . . only upon a showing that the party seeking discovery has substantial need of the materials in the preparation of his case and that he is unable without undue hardship to obtain the substantial equivalent of the materials by other means. In ordering discovery of such materials when the required showing has been made, the court shall protect against disclosure of the mental impressions, conclusions, opinions, or legal theories of an attorney or other representative of a party concerning the litigation.

FED. R. CIV. P. 26(b)(3).

111. *Id.*

112. *Id.*

113. *Hickman v. Taylor*, 329 U.S. 495, 512 (1947).

114. See *supra* note 110.

115. *Burlington Indus. v. Exxon Corp.*, 65 F.R.D. 26, 43 (D. Md. 1974).

ment can fairly be said to have been prepared or obtained because of the prospect of litigation."¹¹⁶

2. *Application of the Work Product Doctrine to Patent Attorneys*

Generally, courts do not consider the documents patent attorneys generate for the prosecution of patent applications as being prepared "in anticipation of litigation" because the prosecution of patent applications is considered to be an *ex parte*¹¹⁷ proceeding of the PTO.¹¹⁸ Consequently, the work product doctrine is usually not extended to protect patent prosecution related files.¹¹⁹

Notwithstanding these restrictions, courts recognize certain circumstances where the work product doctrine should be extended to protect patent prosecution documents. For instance, the *Hercules* court stated, "[A] responsible patent attorney always anticipates the possibility of future litigation involving the patent."¹²⁰ The court further reasoned:

It is possible that, during the *ex parte* prosecution, certain memoranda or recordings, etc. prepared by the attorney may reflect concerns more relevant to future litigation than to the ongoing prosecution. If the primary concern of the attorney is with claims which would potentially arise in future litigation, the work product immunity doctrine applies; if the attorney's primary concern is claims which have arisen or will arise during the *ex parte* prosecution of the application, however, the work product rule does not apply.¹²¹

E. *Waiver of Privilege*

A waiver of privilege may occur expressly or implicitly through any conduct that extinguishes a necessary element

116. *Hercules Inc. v. Exxon Corp.*, 434 F. Supp. 136, 151 (D. Del. 1977).

117. "A judicial proceeding, . . . is said to be *ex parte* when it is taken or granted . . . for the benefit of one party only, and without notice to . . . any person adversely interested." BLACK'S LAW DICTIONARY 576 (6th ed. 1990).

118. *Hercules*, 434 F. Supp. at 152; *see also Zenith Radio Corp. v. Radio Corp. of Am.*, 121 F. Supp. 792, 795 (D. Del. 1954).

119. *See, e.g., Oak Indus. v. Zenith Elec. Corp.*, 687 F. Supp. 369, 374 (M.D. Ill. 1988) (denying work product protection of the lawyer's work during preparation and prosecution of an original patent application).

120. *Hercules Inc. v. Exxon Corp.*, 434 F. Supp. 136, 151 (D. Del. 1977).

121. *Id.*

of the privilege.¹²² An express waiver occurs when a party intentionally waives the attorney-client privilege by an express statement or conduct to that effect.¹²³ For example, an express waiver will be found when a party knowingly releases privileged information to an adverse party during discovery.¹²⁴ In the patent context, a party's disclosure of a privileged written opinion to a potential customer will constitute an express waiver. This sometimes occurs when the customer is reluctant to purchase because of rumored patent problems. It should be noted, however, that the *Hercules* court ruled that voluntary disclosure of privileged information from a corporate attorney to employees of the corporation was not a waiver of privilege because the employees "had authority to control or substantially participate in decisions to be taken on the advice of the lawyer."¹²⁵

An implied waiver may occur when a party fails to object to the admission of otherwise privileged information into evidence, or when a party unintentionally or unwittingly discloses privileged information to a non-privileged party.¹²⁶

Notwithstanding the similarities between the attorney-client privilege and the work product doctrine, waiver of attorney-client privilege does not necessarily waive any work product immunity that may exist in the same communication since the doctrines have independent underlying policies.¹²⁷ Hence, waiver is determined differently in the two doctrines.

1. *Implied Waiver Resulting From Disclosure*

a. *Attorney-Client Privilege*

Patent litigation frequently involves a large number of documents. As a consequence, there is a risk that privileged documents may be produced inadvertently when documents

122. *United States v. Fisher*, 692 F. Supp. 488, 494 (E.D. Pa. 1988).

123. *Battersby*, *supra* note 68, at 245.

124. *See generally* *Nye v. Sage Prod., Inc.*, 98 F.R.D. 452, 453 (N.D. Ill. 1982) (ruling that production of some privileged documents waives privilege as to all documents of the same subject matter).

125. *Hercules Inc. v. Exxon Corp.*, 434 F. Supp. 136, 145-46 (D. Del. 1977).

126. *See generally* *Champion Int'l Corp. v. International Paper Co.*, 486 F. Supp. 1328, 1332 (N.D. Ga. 1980) (concluding that intent to waive the attorney-client privilege is not necessary for waiver).

127. *Handguards, Inc. v. Johnson & Johnson*, 413 F. Supp. 926, 929 (N.D. Cal. 1976).

are requested by third parties.¹²⁸ In general, voluntary disclosure of a privileged document waives the privilege for all other documents related to the same subject matter.¹²⁹

Some courts have preserved attorney-client privilege protection of inadvertently disclosed documents in situations where the client was blameless and the attorney was negligent concerning the release of the communications.¹³⁰ Other courts have permitted "good cause" exceptions to the rule in situations where large amounts of documents were ordered to be produced in a short amount of time. Inadvertent disclosure in these cases did not constitute a waiver.¹³¹ On the contrary, another court has ruled any disclosure of privileged documents waives attorney-client privilege, even if the disclosure is inadvertent.¹³²

Narrowly construing the issue of waiver by disclosure, the *Hercules* court stated that the attorney-client privilege is waived only "if facts relevant to a particular, narrow subject matter have been disclosed in circumstances in which it would be unfair to deny the other party an opportunity to discover other relevant facts with respect to that subject matter."¹³³

One purpose of this rule is to prevent a party from seeking opinions from a number of different attorneys and then disclosing only the most favorable opinion received.¹³⁴ Allowing the party to assert attorney-client privilege on unfavorable opinions received would not permit a court to deter-

128. See, e.g., *Transamerica Computer Co. v. International Business Mach. Corp.*, 573 F.2d 646, 647-48 (9th Cir. 1978). In *Transamerica*, the plaintiff filed a motion to compel the defendant to produce certain documents for discovery that had been inadvertently disclosed during accelerated discovery proceedings in a prior action. *Id.* at 647. In the prior action, the defendant was ordered to produce for inspection within a three month period approximately 17 million pages of documents. *Id.* at 648. Despite "herculean" efforts on the part of the defendant to screen out privileged documents, a small number of protected documents were inadvertently disclosed. *Id.* at 648-49.

129. *Hercules*, 434 F. Supp. at 156 ("In general, the voluntary waiver by a client, without limitation, of one or more privileged documents passing between a certain attorney and the client discussing a certain subject waives the privilege as to all communications between the same attorney and the same client on the same subject.")

130. *Mendenhall v. Barber-Green Co.*, 531 F. Supp. 951, 954 (N.D. Ill. 1982).

131. *Transamerica Computer*, 573 F.2d at 650-51.

132. *Underwater Storage, Inc. v. U.S. Rubber Co.*, 314 F. Supp. 546, 549 (D. C. 1970).

133. *Hercules Inc. v. Exxon Corp.*, 434 F. Supp. 136, 156 (D. Del. 1977).

134. See *infra* note 148 and accompanying text.

mine the reasonableness of the party's reliance on the favorable opinion.¹³⁵ Thus, if the party waives the attorney-client privilege for the communications between himself or herself and *one* of the attorneys, the party also waives the attorney-client privilege for the communications between himself or herself and *all* the other attorneys for information related to the same subject matter.¹³⁶

b. *Work Product*

Unlike the attorney-client privilege, disclosure of a protected document does not automatically waive work product immunity on other documents relating to the same subject matter.¹³⁷ The *Hercules* court stated that inadvertent waiver of the attorney-client privilege by the client does not necessarily also waive work product immunity as to an attorney's documents produced on the same subject.¹³⁸ The *Hercules* court reasoned that "attorney-client privilege is [the] *client's* privilege, while work product immunity may be invoked only by [the] attorney."¹³⁹

The logic behind this reasoning becomes evident upon consideration of the rationales underlying the two different doctrines. The attorney-client privilege is based upon a confidential relationship, while the work product doctrine is intended to address the need of an attorney to prepare for litigation without interference.¹⁴⁰ The Circuit Court of Appeals for the District of Columbia explained in *United States v. American Telephone and Telegraph Co.*¹⁴¹ that the goal of the work product doctrine is not to protect a confidential relationship, but rather to promote the adversary system by protecting an attorney's trial preparations from discovery attempts by the opponent.¹⁴² The court concluded that, while a voluntary disclosure of a privileged communication to an un-

135. *Technitrol, Inc. v. Digital Equip. Corp.*, 181 U.S.P.Q. 731, 732 (N.D. Ill. 1974).

136. *See generally* *International Tel. & Tel. Corp. v. United Tel. Co.*, 60 F.R.D. 177, 185 (M.D. Fla. 1973).

137. *See generally* *Handguards, Inc. v. Johnson & Johnson*, 413 F. Supp. 926, 929 (N.D. Cal. 1976).

138. *Hercules Inc. v. Exxon Corp.*, 434 F. Supp. 136, 156 (D. Del. 1977).

139. *Id.*

140. *Handguards*, 413 F. Supp. at 929-30.

141. 642 F.2d 1285 (D.C. Cir. 1980).

142. *Id.* at 1299 ("[W]ork product [immunity] does not exist to protect a confidential relationship, but rather to promote the adversary system by safeguard-

privileged party would waive the attorney-client privilege, the disclosure would not correspondingly waive the work product immunity associated with that disclosure.¹⁴³ Thus, a waiver of attorney-client privilege will not necessarily result in a waiver of work product immunity.

2. Waiver By Relying Upon Opinions of Counsel

a. Attorney-Client Privilege

A waiver of the attorney-client privilege occurs when a client discloses to an unprivileged party an opinion letter addressing the validity, enforceability, or infringement of a competitor's patent.¹⁴⁴ When considering an *intentional* disclosure of opinions of counsel, courts have applied the same reasoning used for implied waiver. More particularly, courts generally rule that waiver of attorney-client privilege concerning an *individual* communication effectively waives attorney-client privilege concerning *all* communications related to the same subject matter.¹⁴⁵

Courts commonly consider fairness when addressing whether there has been a waiver of an attorney-client privilege. As a general rule, courts do not allow parties to waive privilege on only favorable documents relating to a particular subject matter.¹⁴⁶ In the interest of fairness, once a party discloses privileged information, whether the disclosure was voluntary or inadvertent, the privilege is waived as to the rest of the documents relating to the same issue.¹⁴⁷ Courts reason that they do not want parties to waive selectively the privilege on only favorable communications, and then deny production of unfavorable documents on the grounds of privilege.¹⁴⁸

ing the fruits of an attorney's trial preparations from the discovery attempts of the opponent.")

143. *Id.* ("We conclude, then, that *while the mere showing of a voluntary disclosure to a third person will generally suffice to show waiver of the attorney-client privilege, it should not suffice in itself for waiver of the work product privilege.*")

144. *Abbott Lab. v. Baxter Travenol Lab., Inc.*, 676 F. Supp. 831, 832 (N.D. Ill. 1987).

145. *Hercules Inc. v. Exxon Corp.*, 434 F. Supp. 136, 156 (D. Del. 1977).

146. *Duplan Corp. v. Deering Milliken, Inc.*, 397 F. Supp. 1146, 1161 (D.S.C. 1975).

147. *Id.*

148. *Hercules*, 434 F. Supp. at 156. *See also Duplan*, 397 F. Supp. at 1161-62 ("When a client voluntarily waives the privilege as to some documents that the

Courts have applied this theory in several different ways. In *Smith v. Alyeska Pipeline Service Co.*,¹⁴⁹ the attorney, acting on behalf of the client, voluntarily sent to the opposing party a copy of an opinion letter which advised that the client's patent was being infringed.¹⁵⁰ The *Alyeska* court held that the attorney-client privilege was waived for all communications related to the subject matter of the opinion letter.¹⁵¹

In *Handguards, Inc. v. Johnson & Johnson*,¹⁵² the defendant intended to call as witnesses three lawyers who were involved in the litigation of prior patent infringement suits. The *Handguards* court ruled that relevant documents were discoverable because reliance upon the testimony of the lawyers waived the attorney-client privilege.¹⁵³

In an unpublished decision, the court in *In re Ethicon, Inc. and Johnson & Johnson Hospital Services, Inc.*¹⁵⁴ ruled that a "[d]efendant's reliance on the advice of counsel as defense to the charge of willful infringement waives attorney-client privilege with respect to *all documents* pertaining to infringement, and not simply documents relating to willful infringement."¹⁵⁵

b. Work Product

As discussed earlier, the work product doctrine is not always waived in the same manner as the attorney-client privilege.¹⁵⁶ The court in *United States v. American Telephone and Telegraph Co.*¹⁵⁷ reasoned that the work product doc-

client considers not damaging and asserts the privilege as to other documents that the client considers damaging, the rule compelling production of all documents becomes applicable. The reason behind the rule is one of basic fairness."). Other courts have stated that the "privilege was intended as a shield, not a sword." *International Tel. & Tel. Corp. v. United Tel. Co.*, 60 F.R.D. 177, 185 (M.D. Fla. 1973); *Pitney-Bowes, Inc. v. Mestre*, 86 F.R.D. 444, 446 (S.D. Fla. 1980). Thus, a "party may not insist upon the protection of the privilege for damaging communications while disclosing other selected communications because they are self-serving." *International Tel. & Tel.*, 60 F.R.D. at 185.

149. 538 F. Supp. 977 (D. Del. 1982).

150. *Id.* at 980.

151. *Id.* at 982.

152. 413 F. Supp. 926 (N.D. Cal. 1976).

153. *See id.* at 933.

154. No. 368, 1993 U.S. App. LEXIS 14268 (Fed. Cir. March 11, 1993).

155. *In re Ethicon, Inc. and Johnson & Johnson Hosp. Serv., Inc.*, No. 368, 1993 U.S. App. LEXIS 14268 at *3 (Fed. Cir. March 11, 1993) (emphasis added).

156. *See supra* text accompanying notes 137-42.

157. 642 F.2d 1285 (D.C. Cir. 1980).

trine is designed to protect against disclosure of protected information to the opposing party and that "[a] disclosure made in the pursuit of . . . trial preparation, and not inconsistent with maintaining secrecy against opponents, should be allowed without waiver of [the work product doctrine]."¹⁵⁸

Like the attorney-client privilege, however, intentional disclosure of documents protected by the work product doctrine generally waives the protection.¹⁵⁹ For example, in *Panter v. Marshall Field & Co.*,¹⁶⁰ the defendants included reliance upon opinions of counsel as an essential element of their defense, which resulted in waiver of the attorney-client privilege and work product immunity concerning the communications.¹⁶¹ The district court stated that "defendant's reliance in this litigation upon the advice of counsel . . . overcomes the attorney's work-product privilege for documents."¹⁶²

3. *State of Mind Waiver*

In patent infringement actions, it is common for the plaintiff to accuse the defendant of willful patent infringement in order to receive increased damages.¹⁶³ In response,

158. *Id.* at 1299.

159. *Panter v. Marshall Field & Co.*, 80 F.R.D. 718, 725 (N.D. Ill. 1978); *Handguards, Inc. v. Johnson & Johnson*, 413 F. Supp. 926, 931 (N.D. Cal. 1976).

160. 80 F.R.D. 718 (N.D. Ill. 1978).

161. *Id.* at 725.

162. *Id.*

163. Pursuant to 35 U.S.C. § 284, plaintiffs are entitled to receive up to treble damages for exceptional patent infringement cases. 35 U.S.C. § 284 states:

Upon finding for the claimant the court shall award the claimant damages adequate to compensate for the infringement, but in no event less than a reasonable royalty for the use made of the invention by the infringer, together with interest and costs as fixed by the court.

When the damages are not found by a jury, the court shall assess them. In either event the court may increase the damages up to three times the amount found or assessed. The court may receive expert testimony as an aid to the determination of damages or of what royalty would be reasonable under the circumstances.

35 U.S.C. § 284 (1988). An award of treble damages is within the discretion of the district court in patent actions for exceptional cases such as those where the jury has found defendants liable for willful or wanton infringement. *Baumstimler v. Rankin*, 677 F.2d 1061, 1073 (5th Cir. 1982). It should be noted, however, that 35 U.S.C. § 284 does not require an award of treble damages for willful infringement; rather, the statute provides the court discretion to increase the award up to three times actual damages.

the defendant typically claims that his or her infringing activities, if there are any at all, were committed in good faith and that the defendant, therefore, did not willfully infringe. In order to demonstrate his or her good faith, the defendant may then find it necessary to produce evidence, such as an opinion letter from a patent attorney,¹⁶⁴ establishing the defendant's claim of good faith.

In a situation where the party pleads a good faith reliance on opinions of counsel, the party's state of mind becomes an issue. Courts have acknowledged that, in those cases, to determine whether a party actually had a good faith reliance, the subjective intention of the party in making such a claim must be investigated.¹⁶⁵ Courts have recognized that good faith intentions are manifested in attorney-client communications.¹⁶⁶ As a result, parties waive their attorney-client privilege on all relevant communications with counsel by raising the defense of good faith reliance.¹⁶⁷ The reason for this rule is that when a party voluntarily injects his or her state of mind into evidence, as a matter of fairness, any protected information relating to the same subject matter becomes relevant and is no longer protected by the privilege.¹⁶⁸

The determination of whether a defendant's infringement was willful or non-willful requires consideration of both subjective and objective elements.¹⁶⁹ The subjective element is the alleged infringer's state of mind as to whether he or she actually thought he or she was infringing.¹⁷⁰ The objective element is the reasonableness of the defendant's actions under the circumstances.¹⁷¹

164. See *supra* part II.A.2 and *infra* part IV.C.2 for detailed discussions concerning opinion letters from patent attorneys.

165. *United States v. Exxon Corp.*, 94 F.R.D. 246, 248 (D. D.C. 1981) ("[T]he determination of good faith reliance necessarily turns upon the subjective intention of the party claiming reliance . . .").

166. *Id.*

167. *Id.* at 249.

168. Stanley L. Amberg, *Waiver of Attorney-Client Privilege by Asserting a Good-Faith State of Mind Defense*, 73 J. PAT. & TRADEMARK OFF. SOC'Y 271, 274 (1991).

169. *Id.* at 273.

170. *Id.*

171. Amberg, *supra* note 168, at 273-74.

a. *Affirmative Duty of Care Placed on Potential Infringer*

Prior to 1983, patent owners bore the burden of proving that the alleged infringer acted in bad faith and, therefore, willfully infringed the patent.¹⁷² The Court of Appeals for the Federal Circuit,¹⁷³ however, significantly reduced this burden when it held in *Underwater Devices Inc. v. Morrison-Knudsen Co., Inc.*¹⁷⁴ that when "a potential infringer has actual notice of another's patent rights, he has an affirmative duty to exercise due care to determine whether or not he is infringing."¹⁷⁵ The court further ruled that "an affirmative duty includes . . . the duty to seek and obtain competent legal advice from counsel *before* the initiation of any possible infringing activity."¹⁷⁶ Thus, the *Underwater* court shifted the burden from the patent owner to the alleged infringer by imposing on the alleged infringer the burden of establishing compliance with the affirmative duty of due care—rather than placing on the patent owner the burden of showing non-compliance.¹⁷⁷

One consequence of the *Underwater Devices* decision is that a plaintiff does not have to prove the bad faith state of mind of a patent infringer. The plaintiff only needs to prove

172. See, e.g., *Artmoore Co. v. Dayless Mfg.*, 208 F.2d 1, 5 (7th Cir. 1953); see also *infra* text accompanying notes 174-79.

173. Commentators have characterized the Court of Appeals for the Federal Circuit as, in effect, the "court of last resort" for patent attorneys because the U.S. Supreme Court rarely accepts patent cases for review. Richard B. Schmidt, *Battle Erupts Over Federal Circuit Seat*, WALL ST. J., Oct. 21, 1993, at B10. Federal statute 28 U.S.C. § 1295(a) provides, "The United States Court of Appeals for the Federal Circuit shall have exclusive jurisdiction . . . of an appeal from a final decision of a district court . . . if the jurisdiction of that court was based . . . on section 1338 of this title." 28 U.S.C. § 1295(a) (1988). Federal statute 28 U.S.C. § 1338(a) states, "[T]he district courts shall have original jurisdiction of any civil action arising under any Act of Congress relating to patents." 28 U.S.C. § 1338(a) (1988). The Federal Courts Improvement Act of 1982, Pub. L. No. 97-164, 96 Stat. 25 (1982) established the United States Court of Appeals for the Federal Circuit and conferred upon that court exclusive jurisdiction over appeals involving patents. *Weisberg v. U.S. Dep't of Justice*, 763 F.2d 1436, 1437 (D.C. Cir. 1985). Congress created the Federal Circuit for the purpose of providing a forum that would "increase doctrinal stability in the field of patent law." *Panduit Corp. v. All States Plastic Mfg. Co.*, 744 F.2d 1564, 1573 (Fed. Cir. 1984). Accordingly, federal district courts considering patent matters are bound by the substantive patent law set forth by the Court of Appeals for the Federal Circuit. *Id.* at 1573.

174. 717 F.2d 1380 (Fed. Cir. 1983).

175. *Id.* at 1389.

176. *Id.* at 1390.

177. *Amberg*, *supra* note 168, at 273.

that the infringer knew of the patent and its relation to the infringer's activities, and thereafter began or continued the infringing acts.¹⁷⁸ These elements of proof are sufficient to shift the burden to the defendant to prove compliance with the affirmative duty to exercise due care.¹⁷⁹

When considering willful infringement cases, the Federal Circuit has also ruled that it is necessary for the courts to look at the totality of circumstances presented in the case¹⁸⁰ and determine "whether a reasonable person would prudently conduct himself with any confidence that the courts might hold the patent [not infringed]."¹⁸¹

b. *Opinion Letter from Counsel*

One of the most common and effective defenses an alleged patent infringer can use to counter a willful patent infringement charge involves the production of an opinion letter from patent counsel which concludes that the defendant's activities do not infringe. By claiming good faith reliance on the opinion letter, the defendant can demonstrate that he or she did not willfully infringe.

Although the affirmative duty of due care includes the duty to seek and obtain competent legal advice from counsel, there is no per se rule that the potential infringer must obtain an opinion letter from patent counsel, because, in theory, the court should always look at the "totality of circumstances."¹⁸² Practically speaking, however, courts frequently consider advice from patent counsel to be a key factor when determining willful infringement.¹⁸³

Possession of a favorable written opinion from patent counsel, however, will not always exculpate a defendant.¹⁸⁴ In *Underwater*, even though the defendant had a favorable

178. *Underwater Devices*, 717 F.2d at 1390.

179. *Underwater Devices Inc. v. Morrison-Knudsen Co., Inc.*, 717 F.2d 1380, 1390 (Fed. Cir. 1983).

180. *Radio Steel & Mfg. v. MTD Prod., Inc.*, 788 F.2d 1554, 1559 (Fed. Cir. 1986); *Central Soya Co. v. Geo. A. Hormel & Co.*, 723 F.2d 1573, 1577 (Fed. Cir. 1983); *Underwater Devices*, 717 F.2d at 1390.

181. *Central Soya*, 723 F.2d at 1577.

182. *King Instrument Corp. v. Otari Corp.*, 767 F.2d 853, 867 (Fed. Cir. 1985).

183. 5 DONALD S. CHISUM, *PATENTS: A TREATISE ON THE LAW OF PATENTABILITY, VALIDITY, AND INFRINGEMENT* § 20.03[4][v], at 20-185 (1994).

184. *Underwater Devices Inc. v. Morrison-Knudsen Co.*, 717 F.2d 1380, 1390 (Fed. Cir. 1983).

written opinion from in-house counsel, the court concluded that the defendant was not justified in his claim of good faith reliance.¹⁸⁵ The court noted that the defendant knew the opinion was from his own in-house counsel and concluded that the defendant could not reasonably rely upon that opinion.¹⁸⁶ While obtaining advice solely from in-house counsel is not, in itself, enough to establish lack of good faith, the *Underwater* court ruled that it serves as a factor to be considered.¹⁸⁷

Hence, for an opinion letter to be most effective and convincing, it should come from outside patent counsel. Furthermore, counsel should provide detailed analyses and conclusions supported by thorough independent research. The Federal Circuit has given little evidentiary weight to conclusory opinion letters with little supporting evidence.¹⁸⁸

c. *The Harsh Dilemma: Sacrifice the Privilege or a Meaningful Defense*

As discussed previously, once a defendant relies on an opinion letter from counsel as a defense to willful infringement, the defendant has effectively waived the attorney-client privilege on all other communications related to the same subject matter.¹⁸⁹

The affirmative duty of a potential patent infringer to seek and obtain competent legal advice may conceivably lead to a negative inference if the opinion letter is not produced.¹⁹⁰ The Federal Circuit ruled in *Kloster Speedsteel AB v. Crucible Inc.*,¹⁹¹ that an alleged infringer's silence concerning reliance on the attorney-client privilege would warrant the conclusion that he or she either received an unfavorable opinion from counsel, or he or she did not obtain advice from counsel altogether, breaching his or her "affirmative duty of due care."¹⁹² The Federal Circuit adhered to this rationale

185. *Id.* at 1390-91.

186. *Id.* at 1390.

187. *Id.*

188. *See Kori Corp. v. Wilco Marsh Buggies and Draglines, Inc.*, 761 F.2d 649, 656 (Fed. Cir. 1985).

189. *See supra* notes 145-48 and accompanying text.

190. *Kloster Speedsteel AB v. Crucible Inc.*, 793 F.2d 1565, 1580 (Fed. Cir. 1986); *Fromson v. Western Litho Plate and Supply Co.*, 853 F.2d 1568, 1572-73 (Fed. Cir. 1988).

191. 793 F.2d 1565 (Fed. Cir. 1986).

192. *Id.* at 1580.

when it considered *Fromson v. Western Litho Plate and Supply Co.*,¹⁹³ and ruled: "Where the [alleged] infringer fails to introduce an exculpatory opinion of counsel at trial, a court must be free to infer that either no opinion was obtained or if an opinion were obtained, it was contrary to the infringer's desire" ¹⁹⁴

This negative inference creates a harsh dilemma¹⁹⁵ for willful patent infringement defendants—disclose the opinion letter and waive attorney-client privilege on all related communications, or assert the attorney-client privilege and allow the negative inference to be presumed. The district court in *Abbott Laboratories v. Baxter Travenol Laboratories, Inc.*¹⁹⁶ characterized this situation as a "choice . . . between a complete sacrifice of the privilege or a complete sacrifice of the defense. This choice . . . is too harsh and a defendant should not be required to make it."¹⁹⁷ The *Abbott* court, however, was able to justify this dilemma by reasoning that a defendant who waives privilege does not necessarily waive a constitutional right, because there is no recognized general constitutional right to privacy.¹⁹⁸ Consequently, under current law, an alleged willful infringer may find it necessary to waive the attorney-client privilege to all communications that may evidence his good faith state of mind.

Once privilege has been waived, however, some courts may make efforts to limit the extent of waiver. In *Smith v. Alyeska Pipeline Service Co.*,¹⁹⁹ the district court limited the waiver to all communications that related to the infringement by the defendant.²⁰⁰

III. IDENTIFICATION OF PROBLEMS

1) A significant portion of the communications and work product a patent attorney generates during the preparation and prosecution of a patent application may not be protected

193. 853 F.2d 1568 (Fed. Cir. 1988).

194. *Id.* at 1572-73.

195. *Abbott Lab. v. Baxter Travenol Lab., Inc.*, 676 F. Supp. 831, 832-33 (N.D. Ill. 1987).

196. 676 F. Supp. 831 (N.D. Ill. 1987).

197. *Id.* at 832-33.

198. *Id.* at 833 ("The privilege he waives has no arguable constitutional basis and will not unless a general constitutional right of privacy is recognized.")

199. 538 F. Supp. 977 (D. Del. 1982).

200. *Id.* at 982.

by the attorney-client privilege and work product doctrine even though the patent attorney is working in a legal capacity.²⁰¹

2) When faced with a charge of willful patent infringement, alleged patent infringers must confront a harsh dilemma. If the alleged infringer discloses an opinion letter from patent counsel which establishes that the alleged infringer acted in good faith, the alleged infringer implicitly waives the attorney-client privilege and work product immunity on the subject matter contained in the letter.²⁰² If the alleged infringer chooses not to disclose the opinion letter, a negative inference maybe drawn and the burden of the alleged infringer to establish good-faith and compliance with an affirmative duty of due care is virtually impossible to meet.²⁰³

IV. ANALYSIS

A. *Attorney-Client Privilege Protection During Patent Prosecution*

The Court of Appeals for the Federal Circuit has not yet substantively ruled on the issue of whether attorney-client communications of a technical nature made in anticipation or during the prosecution of a patent application are protected by the attorney-client privilege. As a result, lower district courts do not have uniform guidelines addressing this issue. Even though a number of district courts have extended the attorney-client privilege to protect attorney-client technical communications during patent prosecution, other district courts have not yet followed suit.²⁰⁴ Accordingly, jurisdictions are split with regard to the amount of protection provided by the attorney-client privilege. Hence, a prudent patent attorney should treat all communications as unprotected,

201. See *supra* text accompanying notes 51-57, 69-75.

202. See *supra* text accompanying notes 129, 167.

203. See *supra* text accompanying notes 190-94.

204. Compare *Advanced Cardiovascular Sys. v. C.R. Bard, Inc.*, 144 F.R.D. 372, 374 (N.D. Cal. 1992) (reversing a portion of an earlier opinion and rejecting the notion that the attorney-client privilege should not presumptively protect private attorney-client communications of technical information related to a patent application) with *Burroughs Wellcome Co. v. Barr Lab., Inc.*, 143 F.R.D. 611, 616 (E.D.N.C. 1992) (concluding that the attorney-client privilege does not protect communications consisting primarily of technical information made to a patent attorney from an inventor for the purpose of a patent application).

even if the patent attorney considers the communication to be legal and the communication would be otherwise privileged in a different legal context.

B. *Implicit Waiver of the Attorney-Client Privilege*

The Federal Circuit rulings have created a harsh dilemma which alleged patent infringers must face. In a typical legal context, a defendant should have the choice of either waiving the attorney-client privilege and producing any protected documents, or asserting the attorney-client privilege and withholding disclosure of all protected documents. With the risk of waiving the privilege to a large number of documents related to the same subject matter, it is conceivable that, strategically, a defendant may not wish to produce an opinion letter from counsel—even if the defendant is in possession of a favorable opinion letter.

The courts have effectively shifted the burden of establishing willfulness or non-willfulness from the plaintiff to the defendant.²⁰⁵ Thus, a situation of presumed liability may arise when a patent owner accuses an alleged infringer of willful infringement and the defendant chooses not to produce a favorable opinion letter.²⁰⁶

Commentators have criticized this line of thought arguing that these decisions deprive defendants of their Fifth Amendment rights against self-incrimination and to due process of law.²⁰⁷ District courts are also aware of this regrettable situation, as articulated by the Northern District Court of Illinois in *Abbott*.²⁰⁸

C. *Strategies and Approaches to Address Implicit Waiver*

Patent attorneys should *always* be aware of the possibility of a waiver of privilege, and should conduct business activities with a high degree of discretion. Once threatened with a lawsuit, disclosure of documents and loss of privilege may be necessary. The following discussion introduces some

205. See *supra* text accompanying notes 174-77.

206. See *supra* text accompanying notes 190-94.

207. See Nelson, *supra* note 20, at 394-410 (submitting that the *Kloster* and *Fromson* decisions violate defendants' Fifth Amendment rights against self-incrimination and due process of law, as well as conflict with defendants' Seventh Amendment right to a jury trial and violate defendants' Sixth Amendment right to effective counsel).

208. See *supra* text accompanying note 197.

strategies patent attorneys may wish to consider in order to mitigate the loss of these immunities.

1. *How To Treat Communications With Others*

One of the most effective ways for an attorney to protect clients from the risk of disclosure of harmful privileged communications involves warning clients of these risks up front. A good rule is to assume the worst case scenario—that all communications are discoverable in future litigation. This is especially true in patent litigation, due to the precarious nature of privileges in patent law.

One point that should be discussed with the client at the outset is that the client is unqualified to make legal opinions with regard to a patent. Therefore, the client must be careful to avoid documenting any independent conclusions as fact before the patent attorney is able to assess the situation properly. The following client letter to a patent attorney illustrates an example of poor judgment:

To: Pat Attorney
From: Stuart Pidd, ABC Company
Re: XYZ Company Patents

XYZ Company sent me a letter the other day accusing me of infringing two of XYZ Company's patents. I don't use the first patent, but I do use the second patent. Can you write me one of those lawyer letters that says I don't infringe?

Regards,
Stu

There are several lessons to be learned from this letter. First, the client should avoid making unnecessary judgments. The client should have allowed patent counsel to make the determination of whether ABC Company infringes the second patent.

Second, the client should use discretion when phrasing messages. As a rule, clients should be counseled not to inject conclusions and gratuitous statements into communications. Instead, only statements that are essential for understanding the factual context of the communication should be made. Any unnecessary facts or conclusions should be avoided²⁰⁹ be-

209. Michael Macklin, *A Prescription For Avoiding Litigation*, TEX. LAW., Mar. 1, 1993, at 14.

cause the client is probably unqualified to understand fully the nature of the situation. For the purposes of discussion, assume a related patent infringement lawsuit subsequently arises, and it is necessary to produce the above letter during discovery. The sentence, "I don't use the first patent, but I do use the second patent," could pose serious problems and embarrassment during litigation when presented to a jury. Instead of risking such consequences, the client could have written, "It is uncertain whether ABC Company infringes any of the patents—please advise." This version of the letter would be far less damaging in the event it is introduced into evidence during willful patent infringement litigation.

The client can also take steps to limit the scope of waiver. One such practice involves using one law firm to obtain an infringement opinion letter and a second law firm for litigation. As a result, if the client is forced to produce an opinion letter from counsel, communications made with the second law firm may be shielded from discovery because the communications did not provide the opinion.

With regard to patent attorneys, a prudent practice to follow involves drafting all opinion letters as if they were to be interpreted by a jury because the jury may ultimately examine and make a willful infringement decision based on the letter. Hence, the patent attorney should ensure that all conclusions are well reasoned, researched, and understandable to a layperson.

Another recommended practice for attorneys is to mark clearly all privileged documents as such. Strict exercise of this practice could help prevent accidental disclosure, and the subsequent waiver of privilege. In addition, clear labeling of documents may prevent waiver in certain jurisdictions where the courts have preserved the privilege of inadvertently disclosed documents, so long as they are clearly confidential in nature.²¹⁰

210. *Cf. Parkway Gallery v. Kittinger/Pa. House Group, Inc.*, 116 F.R.D. 46, 50 (M.D.N.C. 1987) (suggesting that a court may consider the reasonableness of the precautions taken to prevent inadvertent disclosure in view of the extent of the document production); *Hartford Fire Ins. Co. v. Garvey*, 109 F.R.D. 323, 330 (N.D. Cal. 1985) (stating a major focus of courts in determining whether inadvertent disclosure of privileged material has destroyed the attorney-client privilege is the degree of care used to protect the documents); *American Standard Inc. v. Pfizer Inc.*, 828 F.2d 734, 746 (Fed. Cir. 1987) (finding no waiver of attor-

A final rule to follow for both clients and attorneys is to consider whether the communication is necessary at all. By limiting the number of potentially harmful privileged communications, the risks associated with a forced waiver of attorney-client privilege or work product immunity can be minimized.

2. *The Opinion Letter*

a. *Level of Care When Writing the Opinion Letter*

An opinion letter should be well-reasoned, well-grounded in fact and law, and should accurately set forth whether the alleged activities infringe the patent. A patent attorney who carelessly researches and writes a patent infringement opinion letter for a client not only risks exposing the client to potential liability, but may also severely limit his options in the event of litigation.

For example, if a patent attorney carelessly writes an opinion letter that states: "although the patent is valid, the client's activities do not infringe any claim of the patent," the patent attorney would effectively preclude himself or herself from asserting a patent invalidity defense in the event of future litigation. Further, if the client is served with a complaint for patent infringement and the patent attorney files a response with the court asserting a defense of patent invalidity, the attorney may face liability in accordance with Rule 11 of the Federal Rules of Civil Procedure²¹¹ because the response would contradict the contents of the original opinion letter.

Therefore, it is vital that opinion letters are researched, reasoned and written with due care. Further, because the opinion letter is generally produced in order to provide a de-

ney-client privilege when disclosed communications are non-confidential communications).

211. FED. R. CIV. P. 11. The Rule states in pertinent part:

The signature of an attorney or party constitutes a certificate by the signer that the signer has read the pleading, motion, or other paper; that to the best of the signer's knowledge, information and belief formed after reasonable inquiry it is well grounded in fact and is warranted by existing law or a good faith argument for the extension, modification, or reversal of existing law If a pleading, motion, or other paper is signed in violation of this rule, the court, upon motion or on its own initiative, shall impose upon the person who signed it, a represented party, or both, an appropriate sanction

Id.

fense against willful infringement, the patent attorney should consider the written opinion to be a public document. In this respect, *everything* the attorney writes in the opinion letter should be viewed as material which may potentially be used against the client and the attorney.

b. *When to Disclose the Opinion Letter*

One could argue that the only time an alleged infringer needs to disclose an opinion letter is when the opinion letter is *wrong*. Disclosure would be in defense of a successful infringement charge when determining willfulness with regard to damages. Opinion letters are often requested, however, to be disclosed during the liability phase of a trial and can have the effect of aiding the plaintiff. For instance, some aspects of even the most well-reasoned letter may need to be re-treated from in light of additional discovery. Additionally, there is the danger that a jury may consider willfulness as a substitute for infringement or invalidity.

(1) *In Camera* Inspection

Once the attorney-client privilege or work product immunity is waived and the defendant is compelled to produce otherwise privileged documents, the defendant may move for an *in camera* inspection²¹² to determine their necessity at, for example, the liability phase of trial. After the *in camera* inspection, the judge may rule that certain documents do not need to be introduced, or at least that certain irrelevant prejudicial statements could be omitted from the documents before they are introduced into evidence. In the event a court finds the documents to be privileged, the court can issue protective orders to protect the privilege.²¹³

One problem with an *in camera* inspection in non-jury trials is that even if the party asserting the privilege prevails, the judge may be prejudicially influenced by the con-

212. "Under certain circumstances, a trial judge may inspect a document which counsel wishes to use at trial in his chambers before ruling on its admissibility or its use . . ." BLACK'S LAW DICTIONARY 760 (6th ed. 1990).

213. See, e.g., *Beckman Instruments, Inc. v. Technical Dev. Corp.*, 172 U.S.P.Q. 642, 644 (N.D. Ill. 1972).

tents of the inspected documents because the judge "may have already read the dirty laundry."²¹⁴

(2) Rule 42(b) Separation of Trial

As stated previously, Title 35 of United States Code Section 284 provides courts with the discretion to award treble damages in willful infringement patent actions.²¹⁵ When defending against a willful infringement allegation, the alleged infringer often has no other choice but to waive the attorney-client privilege and introduce into evidence otherwise privileged communications to show that the defendant had a good-faith state of mind. These privileged communications can be prejudicial and may influence the outcome of liability.

To avoid this situation, the alleged infringer may find it necessary to move for a bifurcated trial as provided for in Rule 42(b) of the Federal Rules of Civil Procedure.²¹⁶ A bifurcated trial would create separate trials for liability and damages.²¹⁷ The Federal Circuit in *Quantum Corp. v. Tandon Corp.*²¹⁸ recognized the predicament that willful patent infringement defendants face when it stated: "Trial courts . . . should give serious consideration to a separate trial on willfulness whenever the particular attorney-client communications, once inspected by the court *in camera*, reveal that the defendant is indeed confronted with this dilemma."²¹⁹ If the motion is granted, evidence concerning the alleged infringer's willfulness will not be used for the liability trial.

In filing a motion pursuant to Rule 42(b), a defendant may argue that judicial economy is served in granting the

214. Michael Macklin, *Protecting Privileged Papers: Lawyer-Client Documents Are No Longer the Ultimate Safe Harbor*, LEGAL TIMES, Feb. 8, 1993, at 18.

215. See *supra* note 163 and accompanying text.

216. FEDERAL RULE OF CIVIL PROCEDURE 42(b) states:

The court, in furtherance of convenience or to avoid prejudice, or when separate trials will be conducive to expedition and economy, may order a separate trial of any claim, cross-claim, counterclaim, or third-party claim, or of any separate issue or of any number of claims, cross-claims, counterclaims, third-party claims, or issues, always preserving inviolate the right of trial by jury as declared by the Seventh Amendment to the Constitution or as given by a statute of the United States.

FED. R. CIV. P. 42(b).

217. *Id.*

218. 940 F.2d 642 (Fed. Cir. 1991).

219. *Id.* at 644.

motion because discovery and consideration of otherwise privileged evidence would be unnecessary if no liability is found at the first trial. This argument was successfully used in *Rohm and Haas Co. v. Mobil Oil Corp.*,²²⁰ where the court granted a motion to delay discovery of evidence concerning willfulness during the liability phase of the trial. The court reasoned that "economy, convenience, and expediency" would be served by granting the motion.²²¹

It is not always easy, however, for an alleged patent infringer to move successfully for a bifurcation of trial phases in accordance with Rule 42(b). The district court in *Kimberly-Clark Corp. v. James River Corp. of Virginia*²²² stated that "bifurcation should not be routinely ordered."²²³ The court reasoned that the traditional role of a factfinder is to "make an ultimate determination on the basis of a case presented in its entirety."²²⁴ Nonetheless, courts have ordered bifurcation of trials in certain cases and delayed discovery of communications related to "willfulness" until after liability was determined.²²⁵

In a recent decision, the district court in *Neorx Corp. v. Immunomedics Inc.*²²⁶ relied upon the holding in *Quantum*.²²⁷ The court held that once an alleged infringer asserts that he or she is faced with the dilemma identified in *Quantum*, "a trial court should inspect the defendant's attorney-client documents *in camera* to ascertain that the dilemma is legitimate. If the dilemma is real, . . . bifurcation of the willfulness issue is an appropriate way to proceed."²²⁸ Thus, the court held that if it is determined that early discovery of a defendant's documents would unfairly prejudice the defendant with regard to liability, the court can sever the issues of liability and willfulness.²²⁹

220. 654 F. Supp. 82 (D. Del. 1987).

221. *Id.* at 86-87.

222. 131 F.R.D. 607 (N.D. Ga. 1989).

223. *Id.* at 608 (citing FED. R. Civ. P. 42(b), Advisory Committee Notes).

224. *Kimberly-Clark*, 131 F.R.D. at 608 (emphasis added).

225. *Swofford v. B & W, Inc.*, 336 F.2d 406, 414-15 (5th Cir. 1964); *Tyler Refrigeration Corp. v. Kysor Indus. Corp.*, 601 F. Supp. 590, 607 (D. Del. 1985).

226. 28 U.S.P.Q.2d 1395 (D.N.J. 1993).

227. *Quantum Corp. v. Tandon Corp.*, 940 F.2d 642 (Fed. Cir. 1991).

228. *Neorx*, 28 U.S.P.Q.2d at 1396.

229. *Id.* at 1397.

(3) Waiting Until After Discovery Cut-Off

A sly tactic an alleged patent infringer could undertake is to assert the attorney-client privilege throughout discovery and then waive the privilege after discovery has already been completed. The defendant could then introduce into evidence a favorable opinion letter, or equivalent, and the opposing party would not be able to compel production of more documents because discovery has already been completed.

In the interest of fairness, however, courts would likely rule that a waiver should be made early enough in discovery to allow the opposing party opportunity to rely on the waiver during discovery and the trial. The district court considered this situation in *Gaull v. Wyeth Laboratories, Inc.*²³⁰ In that case, the defendant chose to assert the attorney-client privilege and refuse production of opinions. The court reasoned that the defendant was free to make this decision, but as a consequence, he or she would be precluded from waiving the attorney-client privilege later in the proceeding. The court reasoned "[if] privileged material is to be used at trial, the plaintiff must be allowed to examine the privileged documents . . . in order to conduct pre-trial discovery."²³¹

V. PROPOSAL

The Court of Appeals for the Federal Circuit should promulgate a standard which presumes that the attorney-client privilege protects technical communications between inventors and their patent attorneys during the prosecution of patent applications. Enlightened lower district courts have already begun moving towards extending such protection, as demonstrated by decisions such as *Advanced Cardiovascular Systems v. C.R. Bard, Inc.* and *Ball Corp. v. American National Can Co.*²³² A substantive Federal Circuit decision adopting the reasoning articulated in these decisions would furnish a uniform rule district courts could follow and, accordingly, encourage full and candid disclosure of information between patent attorneys and their respective clients.

With regard to the implicit waiver of the attorney-client privilege resulting from compelled disclosure of an opinion of

230. 687 F. Supp. 77 (S.D.N.Y. 1988).

231. *Id.* at 83.

232. See *supra* text accompanying notes 86-97.

counsel as a defense to willful patent infringement, the Federal Circuit should adopt a substantive rule which uniformly allows patent infringement defendants the option of conditionally withholding disclosure of opinion letters without prejudice until liability is determined and the court considers willfulness issues. Such a ruling could be effected by applying the rationale offered in *Quantum v. Tandon Corp.*,²³³ as applied by the district court in *Neorx Corp. v. Immunomedics Inc.*²³⁴ Moreover, such a ruling would not conflict with the *Underwater Devices* standard, which set forth the affirmative duty for potential infringers to exercise due care in determining whether they are infringing,²³⁵ because breach of this duty would be material only to the issue of willfulness.²³⁶

VI. CONCLUSION

Attorney-client privilege and work product immunity are two fundamental doctrines of our adversarial judicial system that help preserve the requisite confidential nature of the attorney-client relationship. Unfortunately, the protection provided by the two doctrines may be overcome or waived with relative ease in patent litigation through a forced or inadvertent waiver. A charge of willful patent infringement will usually result in an implicit waiver of attorney-client privilege once an alleged infringer asserts his, often, only meaningful defense of good faith reliance on an opinion of counsel. The Court of Appeals for the Federal Circuit should recognize the harsh dilemma faced by defendants charged with willful patent infringement, and should set forth substantive rules to resolve justly this unfortunate situation. Moreover, the Federal Circuit should also recognize that communications between the inventor and the patent attorney during patent prosecution should be presumptively protected by the attorney-client privilege because dialogue between the inventor and the patent attorney is largely legal in nature. Until then, use of good judgment, discretion, and the suggestions outlined by this comment in all attorney-client communica-

233. See *supra* text and accompanying notes 218-19.

234. See *supra* text and accompanying notes 226-29.

235. See *supra* text and accompanying notes 174-76.

236. See *supra* text and accompanying notes 219, 228.

tions may reduce or eliminate the potentially harmful results of compulsory production of privileged documents.

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