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Patent Law: Attorney-Client Privilege in Patent Litigation: Did the Federal Circuit Go Far Enough with *In re Spalding Sports Worldwide?*

I. Introduction

One of the few ways to avoid the wide reach of modern discovery is a claim of attorney-client privilege. The Federal Circuit recently resolved a legal dispute that had split federal district courts for several decades regarding the application of the privilege in patent litigation.¹ Some circuits followed the theory that patent attorneys act as mere conduits to the United States Patent and Trademark Office.² Because their clients had no expectation of confidentiality, the privilege did not protect such communications.³ Other circuits reasoned that patent attorneys are more than mere conduits, and that courts should accord communications from client to patent attorney the same protection as any other legal communication.⁴ In *In re Spalding Sports Worldwide, Inc.*,⁵ the Federal Circuit held that communications between client and patent attorney are privileged, even if they contain mostly technical data, as long as the client made the communication for the purpose of obtaining legal advice.⁶ The court also ruled on several other important issues, including: (1) when the precedent of the Federal Circuit applies over the precedent of the circuit where the case originated; (2) when to invoke the crime-fraud exception to the attorney-client privilege; and (3) when the extraordinary remedy of a writ of mandamus is proper to contest a discovery order.

In Part II, this note briefly explains the role of the relatively new Court of Appeals for the Federal Circuit. In Part III, this note examines the history of the attorney-client privilege, with a more detailed emphasis on the history of the application of the privilege to patent attorneys. Part IV explains the holding of *Spalding*. Part V then demonstrates that the Federal Circuit, in resolving a split of authority, chose the correct path in extending the privilege to most legal communications between client and patent attorney. However, Part V also argues that the court should have followed a developing line of

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1. See *In re Spalding Sports Worldwide, Inc.*, 203 F.3d 800 (Fed. Cir. 2000).
 2. See, e.g., *Jack Winter, Inc. v. Koratron Co.*, 50 F.R.D. 225 (N.D. Cal. 1970).
 3. See *id.*
 4. See, e.g., *Knogo Corp. v. United States*, 213 U.S.P.Q. (BNA) 936 (Ct. Cl. 1980).
 5. 203 F.3d 800 (Fed. Cir. 2000).
 6. *Id.* at 806.

case law that suggests that all communications between client and patent attorney are presumptively privileged, including communications conveying purely technical information. In Part VI, the note concludes by first examining several relevant holdings since *Spalding*, and next suggesting to patent practitioners which communications are now privileged and how to properly maintain the privilege. An understanding of the Federal Circuit, which decides patent case appeals, as well as an understanding of the history of the patent attorney-client privilege is vital to a full appreciation of *Spalding*.

II. The Federal Circuit

Congress created the Federal Circuit in 1982 to solidify the varying lines of patent law that were developing among the district courts.⁷ The Federal Court Improvement Act of 1982 sought "to reduce the widespread lack of uniformity and uncertainty of legal doctrine that exist in the administration of patent law" by creating the Federal Circuit to hear appeals and set binding precedent in patent cases.⁸ The jurisdiction of the Federal Circuit, set forth in 28 U.S.C. § 1295, covers an appeal of any district court decision with jurisdiction based, in whole or in part, on 28 U.S.C. § 1338, which encompasses patents, trademarks, copyrights, and any pendant unfair business practice claims.⁹ The general jurisprudence of the Federal Circuit has been to apply its own substantive law to patent issues and the appropriate regional circuit law to nonpatent issues.¹⁰ A discussion of the reasons for the existence of the Federal Circuit is germane to an examination of *Spalding*, because the holding of *Spalding* purported to settle the exact sort of confusing split of authority Congress attempted to combat when it created the Federal Circuit.¹¹ Indeed,

7. According to the legislative history, the purpose of the Federal Courts Improvement Act of 1982, Pub. L. No. 97-164, 96 Stat. 25, was to create

a forum that will increase doctrinal stability in the field of patent law. Based on the evidence it had compiled, the Hruska Commission singled out patent law as an area in which the application of the law to the facts of the case often produces different outcomes in different courtrooms in substantially similar cases. Furthermore, in a Commission survey of practitioners, the patent bar indicated that the uncertainty created by the lack of a national law precedent was a significant problem

S. REP. NO. 97-275, at 5 (1981) (footnote omitted), reprinted in 1982 U.S.C.C.A.N. 11, 15.

8. *Panduit Corp. v. All States Plastic Mfg. Co.*, 744 F.2d 1564, 1574 (Fed. Cir. 1984) (quoting H.R. REP. NO. 97-312, at 23 (1981)). *Panduit* includes an extensive discussion of the jurisdiction and jurisprudence of the Federal Circuit.

9. *Id.* at 1573.

10. *Id.*

11. *See id.* at 1574.

the scope of the attorney-client privilege, when applied to patent attorneys, had split district courts and confused practitioners for many years.

III. The Patent Attorney-Client Privilege

The complexity involved in obtaining and protecting a patent is difficult to overstate. As early as 1889, Justice Brown of the U.S. Supreme Court observed, "The specification and claims of a patent, particularly if the invention be at all complicated, constitute one of the most difficult legal instruments to draw with accuracy."¹² Judge Learned Hand remarked that the issue of whether an invention is patentable "is as fugitive, impalpable, wayward, and vague a phantom as exists in the whole paraphernalia of legal concepts."¹³ "The complexity involved in patent applications, combined with the myriad of complicated patent statutes and regulations, motivates most inventors to use patent attorneys to obtain patents from the United States Patent and Trademark Office"¹⁴ The use of attorneys to obtain patents inevitably raises questions regarding the scope of the attorney-client privilege available between patent attorney and client.

In determining whether the privilege applies, a court will turn to either Dean Wigmore's time-honored test¹⁵ or the similar test established by Judge

12. *Topliff v. Topliff*, 145 U.S. 156, 171 (1892).

13. *Harries v. Air King Prods. Co.*, 183 F.2d 158, 162 (2d Cir. 1950). Judge Hand went on to comment eloquently on the issues of patentability and patent infringement:

Courts never tire, or at least in earlier times they never did, of expatiating upon the freshness of insight which observes a little, but fruitful, change which had theretofore escaped detection by those engaged in the field. When all is said, we are called upon imaginatively to project this act of discovery against a hypostatized average practitioner, acquainted with all that has been published and all that has been publicly sold. If there be an issue more troublesome, or more apt for litigation than this, we are not aware of it.

Id.

14. James Y. Go, Comment, *Patent Attorneys and the Attorney-Client Privilege*, 35 SANTA CLARA L. REV. 611, 613 (1995) (footnote omitted) (citing 35 U.S.C. §§ 1-376 (2000) and 37 C.F.R. §§ 1.1-.825 (2001) as examples of "complicated patent statutes and regulations").

15. Wigmore sets out the elements of attorney-client privilege as:

- (1) Where legal advice of any kind is sought;
- (2) from a professional legal advisor in his capacity as such;
- (3) the communication relating to that purpose;
- (4) made in confidence;
- (5) by the client;
- (6) are at his instance permanently protected;
- (7) from disclosure by himself or by the legal advisor;
- (8) except the protection be waived.

Wyzanski in *United States v. United Shoe Machinery Corp.*¹⁶ Interestingly, the exceedingly popular *United Shoe* test arose out of a patent dispute.¹⁷ The *United Shoe* court noted that patent department employees are "comparable to the employees with legal training who serve in the mortgage or trust departments of a bank" and that "[g]rist which comes to their mill has a higher percentage of business content than legal content."¹⁸ The *United Shoe* court flatly denied patent attorneys the attorney-client privilege, stating that the relationship between an attorney in the patent department and the corporation is not that of attorney and client, but rather that of a lawyer who shares an office with a "so-called" client and gives him principally business, but only incidentally legal, advice.¹⁹

Such a ruling aligned well with mid-twentieth century precedent regarding patent attorney claims of privilege. In 1954, in *Zenith Radio Corp. v. Radio Corp. of America*,²⁰ the court held that "[e]ssentially, [patent] attorneys . . . are engaged in a type of nonlegal work to which the attorney-client privilege . . . [does] not attach."²¹ "[E]ven the general application of patent law to developments of their companies and competitors" was not primarily a legal activity according to the *Zenith* court.²²

8 JOHN HENRY WIGMORE, EVIDENCE § 2292, at 554 (McNaughton rev. ed. 1961).

16. 89 F. Supp. 357 (D. Mass. 1950). The court set out the following elements:

(1) the asserted holder of the privilege is or sought to become a client; (2) the person to whom the communication was made (a) is a member of the bar of a court, or his subordinate and (b) in connection with this communication is acting as a lawyer; (3) the communication relates to a fact of which the attorney was informed (a) by his client (b) without the presence of strangers (c) for the purpose of securing primarily either (1) an opinion of law or (2) legal services or (3) assistance in some legal proceeding, and not (d) for the purpose of committing a crime or tort; and (4) the privilege has been (a) claimed and (b) not waived by the client.

Id. at 358-59. For the assertion that a court will follow one of the two tests, see PATENT LITIGATION STRATEGIES HANDBOOK 233 (Barry L. Grossman & Gary M. Hoffman eds., 2000) [hereinafter PATENT HANDBOOK].

17. See *United Shoe*, 89 F. Supp. at 360.

18. *Id.*

19. *Id.* at 361.

20. 121 F. Supp. 792 (D. Del. 1954).

21. *Id.* at 793.

22. *Id.* at 794. The holding in context reads:

[Patent attorneys] do not "act as lawyers" when not primarily engaged in legal activities; when largely concerned with technical aspects of a business or engineering character, or competitive considerations in their companies' constant race for patent proficiency, or the scope of public patents, or even the general application of patent law to developments of their companies and competitors; when making initial office preparatory determinations of patentability based on

The situation finally came to a head in 1963, when the United States Supreme Court, in *Sperry v. Florida ex rel. Florida Bar*,²³ stated that it did "not question the determination that . . . the preparation and prosecution of patent applications for others constitutes the practice of law."²⁴ In *Sperry*, the Court noted that such conduct requires the practitioner to apply statutory criteria when making an initial patentability determination for a client, as well as to overcome the extreme difficulty of drafting the claims and the specifications, with legal accuracy.²⁵ Now that the Supreme Court had settled the issue of whether patent attorneys are engaged in the practice of law, a new battle arose. The controversy focused on which communications between patent attorney and client received the attorney-client privilege, and two distinct lines of cases emerged.

A. *The Jack Winter Line of Cases*

Under 35 U.S.C. § 112 and 37 C.F.R. § 1.56, the patent applicant and his attorney must disclose to the PTO anything material to the patentability of the invention.²⁶ In *Jack Winter, Inc. v Koratron Co.*,²⁷ the District Court for the

inventor's information, prior art, or legal tests for invention and novelty; when drafting or comparing patent specifications and claims; when preparing the application for letters patent or amendments thereto and prosecuting same in the Patent Office; when handling interference proceedings in the Patent Office concerning patent applications.

Id.

23. 373 U.S. 379 (1963). This case arose on appeal from a Florida Supreme Court decision holding that agents licensed to practice before the PTO could not practice in Florida. See *Florida ex rel. Florida Bar v. Sperry*, 140 So. 2d 587 (Fla. 1962). Two groups of individuals may represent others before the PTO in patent prosecution. Under 37 C.F.R. § 10.6(a) (2001), technically qualified attorneys may practice, and under 37 C.F.R. § 10.6(b) (2001), technically qualified nonlawyers (patent agents) may practice. The Florida Supreme Court enjoined patent agents from practicing in the state because it determined that patent prosecution was the practice of law, and patent agents were not members of the Florida Bar. *Sperry*, 140 So. 2d at 596.

24. *Sperry*, 373 U.S. at 383. Because the Supreme Court's holding focused on the Supremacy Clause, this statement forced states to allow patent agents to practice within their borders. *Id.* at 384-85.

25. *Id.*

26. Section 112 states:

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 of carrying out his invention.

35 U.S.C. § 112 (2000).

27. 50 F.R.D. 225 (N.D. Cal. 1970).

Northern District of California explained that, on the question of disclosure, case law clearly called for a bona fide, full disclosure to the PTO.²⁸ The court observed that an application for a patent must include a good faith disclosure of sufficient factual information to enable one skilled in the art to make and practice the invention.²⁹ The court therefore reasoned that

the attorney exercises no discretion as to what portion of information [relevant to patentability passed from client to attorney] must be relayed to the Patent Office. He must turn *all* such information over in full . . . and hence with respect to such material he acts as a conduit between his client and the Patent Office.³⁰

The court held that because the client does not expect the information to remain confidential, the attorney-client privilege does not protect such communication.³¹

The *Jack Winter* line of cases³² proceeds on the assumption that the client cannot intend the patent attorney to hold the information in confidence for three reasons. First, the communication consists mainly of technical

28. *Id.* In *Jack Winter*, a patent attorney refused to answer certain questions asked of him at his deposition. The attorney refused to answer questions that sought to elicit the names of persons who gave him information and samples for the purposes of preparing the patent application, the substance of the information imparted, his responses to persons consulting him with respect to the application, and his knowledge of the processes described in the application. *Id.* at 227.

29. *Id.* at 228.

30. *Id.*; see also *BioRad Lab. v. Pharmacia, Inc.*, 130 F.R.D. 116 (N.D. Cal. 1990); *Quantum Corp. v. W. Digital Corp.*, 15 U.S.P.Q.2d (BNA) 1924 (N.D. Cal. 1990); *Hercules Inc. v. Exxon Corp.*, 434 F. Supp. 136 (D. Del. 1977); *Duplan Corp. v. Deering Milliken, Inc.*, 397 F. Supp. 1146 (D.S.C. 1975); *Burlington Indus. v. Exxon Corp.*, 65 F.R.D. 26, 39 (D. Md. 1974).

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

32. See, e.g., *Howes v. Med. Components Inc.*, 7 U.S.P.Q.2d (BNA) 1511 (E.D. Pa. 1988) (advocating conduit theory for information used only to prepare a patent application); *Detection Sys., Inc. v. Pittway Corp.*, 220 U.S.P.Q. (BNA) 716 (W.D.N.Y. 1982) (holding technical material related to final patent and studies of prior art not privileged); *Sneider v. Kimberly-Clark Corp.*, 91 F.R.D. 1, 5 (E.D. Ill. 1980) (holding that allowing privilege to apply would allow patent attorneys to act as conduits to avoid discovery); *Ashland Oil, Inc. v. Delta Oil Prods. Corp.*, 209 U.S.P.Q. (BNA) 151 (E.D. Wis. 1979) (advocating conduit theory); *Choat v. Rome Indus., Inc.*, 462 F. Supp. 728 (N.D. Ga. 1978) (holding documents relating to preparation and filing of patent applications not privileged); *Hercules Inc.*, 434 F. Supp. at 147 (D. Del. 1977) (holding that technical information used in completing a patent application not privileged); *Duplan Corp.*, 397 F. Supp. at 1167 (same); *Burlington Indus.*, 65 F.R.D. at 39 (same).

information.³³ Second, the client wants a patent application prepared and presented to the PTO.³⁴ Third, the PTO may ultimately allow the application to issue as a patent, which is available to the public.³⁵ Therefore, the client cannot intend that the information be held in confidence.³⁶

Jack Winter stands for the proposition that a patent attorney, in utilizing technical information to advise clients on patentability and to write patent applications, acts not as an attorney, but as a technician.³⁷ The *Jack Winter* court clarified itself one year later, holding that the attorney-client privilege protects documents that contain considerable technical information, but which are primarily concerned with giving legal guidance.³⁸ Nevertheless, *Jack Winter* is usually cited as the leading case for the "conduit" theory.³⁹

B. The Knogo Line of Cases

In *Knogo Corp. v. United States*,⁴⁰ the Court of Claims⁴¹ recognized that "[s]ome of the most difficult discovery questions presented in patent litigation relate to the assertion of attorney-client privilege with respect to communications containing primarily or exclusively technical information."⁴² The Court of Claims addressed the issue of attorney-client privilege according to Judge Wyzanski's test established in *United Shoe*.⁴³ Although *Knogo* cited authority for its split from *Jack Winter*,⁴⁴ the court, in reality, created new

33. *Knogo Corp. v. United States*, 213 U.S.P.Q. (BNA) 936, 940 (Ct. Cl. 1980).

34. *Id.*

35. *Id.*

36. *Id.*; see also 1 ETHAN HORWITZ, PATENT LITIGATION: PROCEDURE & TACTICS § 5.01[4], at 5-29 (2000).

37. HORWITZ, *supra* note 36, § 5.01[4], at 5-29 to 5-30.

38. *Jack Winter, Inc. v. Koratron Co.*, 54 F.R.D. 44, 46 (N.D. Cal. 1971).

39. See, e.g., *In re Spalding Sports Worldwide, Inc.*, 203 F.3d 800, 806 n.3 (Fed. Cir. 2000); HORWITZ, *supra* note 36, § 5.01[4], at 5-29 (recognizing that *Jack Winter* is representative of cases supporting conduit theory); PATENT HANDBOOK, *supra* note 16, at 247 (stating that *Jack Winter* stands for the proposition that the patent attorney acts merely as a conduit between the client and the PTO).

40. 213 U.S.P.Q. (BNA) 936 (Ct. Cl. 1980).

41. The Court of Claims is the predecessor to the Federal Circuit. See *South Corp. v. United States*, 690 F.2d 1368, 1369 (1982). In *South Corp.*, the Federal Circuit also adopted the holdings of the Court of Claims as precedent. *Id.*

42. *Knogo*, 213 U.S.P.Q. (BNA) at 939. *Knogo* involved a ruling on a motion to compel production of several documents, including letters from patent attorney to client and memoranda of experts submitted to the attorney to aid in assessing the invention's patentability and aid in obtaining a patent. *Id.* at 938-39.

43. *Id.* at 938; see also *supra* note 16.

44. See *Knogo*, 213 U.S.P.Q. (BNA) at 940 (citing *Natta v. Hogan*, 392 F.2d 686 (10th Cir. 1968); *In re Ampicillin Antitrust Litig.*, 81 F.R.D. 377 (D.D.C. 1978)).

precedent.⁴⁵ After carefully considering the *Jack Winter* line of cases, the court noted that

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 Patent Office. The former is the job of a 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.⁴⁶

The *Knogo* court observed that the attorney-client privilege only protects communication between the attorney and client, not the technical information contained in the communication.⁴⁷ The court explained, "[T]he client cannot assert the privilege if asked how the invention works, but he can assert the privilege if he is asked to recount what he told his attorney concerning how the invention works."⁴⁸ The court also likened the patent application process to the preparation of a civil complaint; the possibility of eventual public disclosure of the information does not waive the privilege.⁴⁹

A variation on the *Knogo* theme arose in 1992. In *Advanced Cardiovascular Systems v. C.R. Bard, Inc.*,⁵⁰ the court reasoned that inventors and their patent lawyers engage in substantial private dialogue as part of the process of shaping and focusing a patent application.⁵¹ Furthermore, the court found it reasonable to expect those conversations to remain privileged.⁵² Therefore, the court ruled that communications, even entirely technical communications, from inventor to patent attorney are presumptively privileged.⁵³ The court would only consider ordering disclosure of such communications on a "very compelling showing" that the inventor expected the patent attorney merely to

45. *Natta* seemingly only stood for the propositions that discovery rules apply to patent litigation, see *Natta*, 392 F.2d at 690, and that an automatic waiver of attorney-client privilege does not occur when a patent controversy is presented, see *id.* at 692. *Ampicillin* is somewhat more helpful in that it held that information need not be known only to the client to be privileged, see *Ampicillin*, 81 F.R.D. at 389, but the case never specifically discussed technical information. *Natta* came down before *Jack Winter*, and *Ampicillin* never recognized a split of authority or even cited *Jack Winter*.

46. *Knogo*, 213 U.S.P.Q. (BNA) at 940.

47. *Id.*

48. *Id.*

49. *Id.* at 941 (citing *Natta*, 392 F.2d at 692).

50. 144 F.R.D. 372 (N.D. Cal. 1992).

51. *Id.* at 378.

52. *Id.*

53. *Id.*

pass on the communication to the PTO without changes or editing.⁵⁴ In many ways, this opinion departed significantly even from the *Knogo* line of reasoning.⁵⁵ This note examines *Advanced Cardiovascular* and its progeny extensively in Part V (the analysis of *Spalding*), arguing that the Federal Circuit should have adopted the *Advanced Cardiovascular* variation on *Knogo*.⁵⁶

C. Confusion Caused by the Split of Authority

A majority of circuits eventually followed *Knogo*, including the First, Second, Fourth, Fifth, and Ninth Circuits.⁵⁷ Scholars, however, still recognized a clear split of authority.⁵⁸ As a result, the amount of protection accorded to a communication between client and patent attorney varied from jurisdiction to jurisdiction.⁵⁹ Indeed, many courts noted that "[p]atent attorneys . . . prosecute[d] patent applications and [wrote] opinion letters with the knowledge that the attorney-client privilege . . . might not apply."⁶⁰ The authors of the 2000 edition of the *Patent Litigation Strategies Handbook* wondered which school of thought the Federal Circuit would follow if ever presented with the issue.⁶¹ Shortly after *Spalding*, one article asserted that patent attorneys had been keenly aware that whether the privilege applied had depended on where the case was and, in some cases, the identity of the presiding judge.⁶²

McNeil-PPC, Inc. v. Proctor & Gamble,⁶³ in which a Colorado federal district court followed the *Jack Winter* line of cases, validated many of the concerns noted above.⁶⁴ It would have seemed logical for a district court in the Tenth Circuit to follow the *Knogo* line because the Tenth Circuit laid part of the foundation for *Knogo* in *Natta v. Hogan*.⁶⁵ However, Colorado Federal District Judge William E. Doyle authored the opinion in *Jack Winter* while

54. *Id.*

55. For the "presumption of privilege" and "submitted without editing to the PTO" sections of the holding, the court did not cite any authority. *Id.*

56. *See infra* Part V.B.

57. *See* PATENT HANDBOOK, *supra* note 16, at 247 & n.101.

58. *See* Go, *supra* note 14, at 625-26 (noting that a clear division of authority existed).

59. *Id.* at 626.

60. *Id.* at 611.

61. *See* PATENT HANDBOOK, *supra* note 16, at 248 (asserting that there was a "good chance" the Federal Circuit would follow the *Knogo* line of cases).

62. William M. Atkinson & Sandra L. Boscia, *Attorney-Client Privilege*, NAT'L L.J., Aug. 7, 2000, at B8.

63. 136 F.R.D. 666 (D. Colo. 1991).

64. *Id.* at 670.

65. 392 F.2d 686 (10th Cir. 1968); *see also supra* note 44-45 and accompanying text.

sitting by designation in the Northern District of California.⁶⁶ While the *McNeil* court found that it was not bound by Judge Doyle's precedent, the court nevertheless found Judge Doyle's reasoning to be sound.⁶⁷ Surprisingly, the *McNeil* court allowed the deposition of a patent attorney to encompass advice given during the creation of the patent application.⁶⁸ Such a convoluted twist of events demonstrates the confusion that confronted patent attorneys and patent applicants prior to *Spalding*.⁶⁹

IV. *The Holding of In re Spalding Sports Worldwide*

Spalding made its way to the Federal Circuit by way of a petition for a writ of mandamus.⁷⁰ *Spalding Sports Worldwide, Inc.* (*Spalding*) contested a discovery order from a United States Magistrate Judge from the District of Massachusetts requiring *Spalding* to produce a document described as an invention record.⁷¹ Invention records are records submitted by inventors to the corporate patent department to disclose that the invention has been made and is ready for the patenting process.⁷² Invention records often include the names of the inventors, a description and scope of the invention, the closest prior art, the first dates of conception and disclosure to others, and the dates of publication.⁷³ The magistrate judge, in granting a motion to compel, held

66. *McNeil*, 136 F.R.D. at 670.

67. *Id.*

68. *Id.* at 671.

69. For example, in a 2000 patent treatise, the authors noted that, in light of *McNeil*, the Tenth Circuit debatably followed *Jack Winter*. PATENT HANDBOOK, *supra* note 16, at 247. Such a conclusion seems to fly in the face of the Tenth Circuit's holding in *Natta v. Hogan*. See *supra* note 45.

70. See *In re Spalding Sports Worldwide, Inc.*, 203 F.3d 800, 802 (Fed. Cir. 2000).

71. *Id.* The patent at issue was United States Patent No. 5,310,178, for a basketball with a polyurethane cover. *Id.* *Spalding Sports* had sued *Wilson Sporting Goods* for patent infringement. *Id.* at 802 n.1.

72. *Id.* at 802 n.2.

73. *Id.* According to one article, invention records might contain much more. See Robert Crouse, *Invention Record May Be Protected*, TRIANGLE BUS. J., July 28, 2000, at 18. Crouse recognized that an invention record is crucial in a case of patent litigation, and courts have traditionally not allowed the attorney-client privilege to protect such records. *Id.* The invention record may contain evidence that contradicts positions of the patent holder at trial. Specifically, it might include evidence of prior art not presented to the PTO, which would weigh heavily in a charge of inequitable conduct. *Id.* Moreover, Crouse stresses that the invention record may provide a window on the mental state of the inventor at the time of the invention. *Id.* The inventor may have expressed concerns that the invention was obvious or anticipated by prior art. *Id.* This does not necessarily evidence bad faith on the part of the patent applicant because the PTO, not the applicant, ultimately judges patentability, but such evidence might influence a judge or jury deciding the issue of inequitable conduct.

that (1) the invention record was not privileged; and (2) even if privileged, Wilson's prima facie showing of inequitable conduct abrogated the attorney-client privilege.⁷⁴ In holding that the invention record was not privileged, the magistrate judge noted that the invention record appeared to be primarily technical, rather than legal in nature, thus adopting the "mere conduit" theory.⁷⁵ The district court denied reconsideration of the order, deciding that the magistrate's findings were neither clearly erroneous nor contrary to law.⁷⁶ In response to the holding, Spalding petitioned the Federal Circuit for a writ of mandamus directing the district judge to vacate the magistrate's order to produce the invention record.⁷⁷

The Federal Circuit's opinion, authored by Judge Lourie, divided the appeal into four parts. The Federal Circuit first determined that the law of the Federal Circuit, rather than that of the First Circuit,⁷⁸ controlled.⁷⁹ Next, the Federal Circuit found that mandamus was indeed an appropriate remedy to contest the discovery order.⁸⁰ Third, the court found that the attorney-client privilege applied to the invention record.⁸¹ Finally, the court found that the crime-fraud exception to the attorney-client privilege did not apply and thus granted the petition for a writ of mandamus,⁸² ordering Judge Ponsor to vacate the magistrate's order.⁸³

A. The Federal Circuit Applies Its Own Law to Attorney-Client Privilege Issues

When reviewing district court judgments, the Federal Circuit usually applies the law of the circuit in which the district court sits to nonpatent issues.⁸⁴

74. *Spalding & Evenflo Cos. v. Wilson Sporting Goods Co.*, 97-30275-MAP, 1999 U.S. Dist. LEXIS 21966, at **5-10 (D. Mass. June 9, 1999). *Spalding & Evenflo* changed its name to *Spalding Sports Worldwide* effective September 1, 1998.

75. *Id.* at *6. Specifically, the magistrate judge held that

it does not appear that Spalding's legal department addressed the product's patentability at a patent committee meeting or took any action on the information contained in the document itself. For all the court knows, the document was meant primarily as an aid in completing the patent application rendering the attorney a mere "conduit" to the patent office.

Id. (emphasis added).

76. *Spalding*, 203 F.3d at 802.

77. *Id.* at 803.

78. The District of Massachusetts, where the case originated, is in the First Circuit.

79. *See id.*

80. *Id.* at 804-05.

81. *Id.* at 806.

82. *Id.* at 808.

83. *Id.*

84. *Id.* at 803.

The court decides questions of substantive patent law, however, under the law of the Federal Circuit.⁸⁵ Moreover,

a procedural issue that is not itself a substantive patent law issue is nonetheless governed by Federal Circuit law if the issue pertains to patent law, if it bears an essential relationship to matters committed to [the court's] exclusive [jurisdiction] by statute, or if it clearly implicates the jurisprudential responsibilities of [the] court in a field within its exclusive jurisdiction.⁸⁶

The *Spalding* opinion applied Federal Circuit law to the decision of whether particular materials are discoverable in patent cases because those materials relate to a substantive issue of patent law.⁸⁷ Making a parallel argument, the court reasoned that the question of the applicability of the attorney-client privilege to an invention record bears on the issue of inequitable conduct.⁸⁸ The court found that the question of inequitable conduct implicated substantive patent law.⁸⁹ The Federal Circuit therefore held that its own law applies to questions of attorney-client privilege with respect to communications made in pursuit of patents or patent litigation.⁹⁰ The court then distinguished a case in which it had applied Seventh Circuit law to a question of attorney-client privilege in a licensing dispute.⁹¹ The court observed that an invention record is unique to patent law because it relates to inventions submitted for the

85. *Id.*

86. *Id.* (second alteration in original) (quoting *Midwest Indus. v. Karavan*, 175 F.3d 1356, 1359 (Fed. Cir. 1999) (en banc in relevant part)).

87. *Id.* (citing *Midwest*, 175 F.3d at 1359; *Truswal Sys. Corp. v. Hydro-Air Eng'g, Inc.*, 813 F.2d 1207, 1212 (Fed. Cir. 1987) ("[A] determination of relevance implicates the substantive law of patent validity and infringement.")).

88. *Id.* at 803-04.

89. *Id.*

90. *Id.* at 804. The *Spalding* court mentioned that Wilson supported the application of First Circuit law, while *Spalding* proposed the application of Federal Circuit law. *Id.* at 803. Wilson likely supported the application of First Circuit law because the First Circuit had adopted a narrow view of the attorney-client privilege, *see, e.g.*, *Unites States v. Mass. Inst. of Tech.*, 129 F.3d 681, 684-85 (1st Cir. 1997) ("The familiar platitude is that the privilege is narrowly confined because it hinders the courts in the search for truth."), while the Federal Circuit had yet to rule on the issue. *Spalding* did not necessarily know how the Federal Circuit would hold with respect to attorney-client privilege, but any holding could not be worse for its case than First Circuit law.

91. *Spalding*, 203 F.3d at 804. The court distinguished *Spalding* from *In re Regents of the University of California*, 101 F.3d 1386 (Fed. Cir. 1996). The court reasoned that the licensing agreement at issue in *Regents* was merely a contract, and communications made in pursuit of such an agreement do not implicate substantive issues of patent law — the patent is irrelevant to the question of privilege. *Spalding*, 203 F.3d at 804.

purpose of obtaining a patent, which clearly implicates substantive patent law.⁹²

B. The Standard for Granting a Writ of Mandamus in the Federal Circuit

The *Spalding* court then addressed the propriety of mandamus as a remedy to contest the discovery order.⁹³ The Federal Circuit employed a strict standard, stating that a court should grant mandamus "only when there has been a clear abuse of discretion or usurpation of judicial authority in the grant or denial of the order."⁹⁴ The court noted that the petitioner has the burden of establishing a "clear and indisputable" right to issuance of the writ and that mandamus must be the only means available to obtain the relief sought.⁹⁵ The opinion observed that the question of whether the attorney-client privilege applies to invention records was an issue of first impression for the Federal Circuit.⁹⁶ The Federal Circuit reasoned that an allegation of usurpation of judicial power coupled with an issue of first impression made mandamus an appropriate remedy.⁹⁷ Finally, the court recognized that it had previously found a writ of mandamus to be proper "to prevent the wrongful exposure of privileged communications."⁹⁸ Applying the standard set forth to the facts of *Spalding*, the Federal Circuit found that Spalding Sports had cleared the high hurdle set for the granting of a writ of mandamus.⁹⁹

92. *Id.*

93. *Id.*

94. *Id.* (quoting *Connaught Labs., Inc. v. SmithKline Beecham P.L.C.*, 165 F.3d 1368, 1370 (Fed. Cir. 1999)); see also *Schlagenhauf v. Holder*, 379 U.S. 104, 110 (1964). See generally FED. R. CIV. P. 81(b).

95. *Spalding*, 203 F.3d at 804 (quoting *Regents of the Univ. of Cal.*, 101 F.3d at 1387).

96. *Id.* The specific question was "whether the attorney-client privilege applie[d] to an invention record submitted for patent evaluation." *Id.*

97. *Id.* (citing *Schlagenhauf*, 379 U.S. at 111).

98. *Id.* (citing *Regents of the Univ. of Cal.*, 101 F.3d at 1387).

99. *Id.* The court found, as explained *supra* note 90, that the issue was one of first impression, that Spalding Sports had a clear and indisputable right to relief, and that other means of obtaining relief were inadequate. *Spalding*, 203 F.3d at 804-05. The court explained that mandamus is appropriate to contest an order compelling disclosure over a claim of privilege "because maintenance of the attorney-client privilege up to its proper limits has substantial importance to the administration of justice, and because an appeal after disclosure of the privileged communication is an inadequate remedy." *Id.* at 804 (quoting *Regents of the Univ. of Cal.*, 101 F.3d at 1387). The Federal Circuit also explained that "the immediate resolution of this issue [regarding invention records] will avoid the development of discovery practices . . . that might undermine the proper maintenance of the attorney-client privilege." *Id.*

C. *The Scope of Attorney-Client Privilege in the Federal Circuit*

The court then turned to the question of whether the attorney-client privilege applied to the invention record.¹⁰⁰ Spalding focused its argument on the fact that the inventor prepared the record for the purpose of seeking legal advice and further emphasized the fact that it sent the document to its corporate legal department.¹⁰¹ Spalding contended that even though the invention record contained technical information, its purposes were to aid in making an initial patentability determination and then in preparing a patent application.¹⁰² Wilson, on the other hand, argued that Spalding had failed to prove that the purpose of the invention record was to obtain legal advice, rather than business advice, from the patent committee.¹⁰³ Alternatively, Wilson requested disclosure of the technical information contained in the invention record, such as the list of prior art.¹⁰⁴

In the end, the Federal Circuit sided with Spalding.¹⁰⁵ In agreeing with the United States Supreme Court that courts should decide the attorney-client privilege on a case-by-case basis,¹⁰⁶ the Federal Circuit determined that "the central inquiry is whether the communication is one that was made by a client to an attorney for the purpose of obtaining legal advice or services."¹⁰⁷ The *Spalding* opinion first determined that the document, in fact, was a communication to an attorney, as the inventor submitted it to Spalding's corporate legal department.¹⁰⁸ Next, the court found credible the declaration of Spalding's in-house patent counsel that, as a matter of policy, the patent attorneys referred to invention records to make patentability determinations.¹⁰⁹ Therefore, the court held that invention records are privileged as long as they are provided to an attorney "for the purpose of securing

100. *Id.* at 805.

101. *Id.*

102. *Id.*

103. *Id.*

104. *Id.* Prior art is a list of existing patents that the inventor feels are relevant to determinations of patentability, i.e., nonobviousness, novelty, usefulness, etc. See 35 U.S.C. §§ 101-103 (2000). Wilson would want to discover what prior patents Spalding Sports thought were relevant prior art to ensure that Spalding Sports had disclosed all of the prior art to the PTO. Failure by Spalding Sports to disclose the prior art the inventor had listed as relevant to the PTO would strengthen Wilson's claim of inequitable conduct. See Crouse, *supra* note 73, at 18.

105. *Spalding*, 203 F.3d at 805.

106. *Id.* (citing *Upjohn Co. v. United States*, 449 U.S. 383, 396 (1981)).

107. *Id.* (citing *Genentech, Inc. v. United States ITC*, 122 F.3d 1409, 1415 (Fed. Cir. 1997)).

108. *Id.*

109. *Id.*

primarily legal opinion, or legal services, or assistance in a legal proceeding."¹¹⁰

The *Spalding* court then rejected Wilson's argument for disclosure of the prior art listed on the invention record on the theory that Spalding did not ask for legal advice.¹¹¹ The court stated, "[W]e do not consider that it is necessary to dissect the document to separately evaluate each of its components. It is enough that the overall tenor of the document indicates that it is a request for legal advice or services."¹¹² The court also found that the inclusion of technical information, such as a list of prior art, does not render a document discoverable because requests for legal advice in the patent arena will necessarily require an attorney to evaluate technical information.¹¹³ In summation, the Federal Circuit observed that

an attorney cannot evaluate patentability or prepare a competent patent application without knowing the prior art and obtaining relevant technical information from the inventors. Accordingly, since Spalding's invention record was prepared and submitted primarily for the purpose of obtaining legal advice on patentability and legal services in preparing a patent application, we conclude that it is privileged in its entirety.¹¹⁴

Interestingly, the Federal Circuit relegated the thirty-year-old *Jack Winter* line of cases to a mere footnote.¹¹⁵ The footnote explained that the court was aware of the cases supporting the "mere conduit" theory.¹¹⁶ Dispensing with

110. *Id.* (quoting *Knogo Corp. v. United States*, 213 U.S.P.Q. (BNA) 936, 940 (Ct. Cl. 1980)). The court recognized that *Knogo* rejected the "mere conduit" theory. *Id.* The opinion also cited *Sperry v. Florida*, 373 U.S. 379, 383 (1963), for its proposition that the preparation and prosecution of patent applications constitutes the practice of law. *Spalding*, 203 F.3d at 805-06.

111. *Spalding*, 203 F.3d at 806.

112. *Id.* Importantly, the *Spalding* court also acknowledged that it is unnecessary expressly to request confidential legal advice when such a request is implied. *Id.*

113. *Id.* (citing *Knogo*, 213 U.S.P.Q. (BNA) at 941). The court quoted the following passage from *Knogo*:

The fact that much of the technical information in one form or another finds its way into the patent application, to be made public when the patent issues, should not preclude the assertion of the privilege over the communication in which that information was disclosed to the attorney. If an attorney-client communication could be discovered if it contained information known to others, then it would be the rare communication that would be protected and, in turn, it would be the rare client who would freely communicate to an attorney.

Id. (quoting *Knogo*, 213 U.S.P.Q. (BNA) at 941).

114. *Id.*

115. *Id.* at 806 n.3.

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

this line of cases, the court found that those cases did not involve invention records, were not binding on the Federal Circuit, and concluded that "the better rule is the one articulated in this case."¹¹⁷

D. The Crime-Fraud Exception to Pierce the Attorney-Client Privilege

Finally, the court decided that the crime-fraud exception did not destroy the attorney-client privilege.¹¹⁸ Spalding asserted that to abrogate the attorney-client privilege, Wilson must make a prima facie showing of common law fraud.¹¹⁹ Spalding further argued that an allegation of inequitable conduct will not destroy the privilege because proving inequitable conduct, unlike common law fraud, does not require a showing of "clear intent to deceive the examiner."¹²⁰ Spalding also offered that, regardless of the existence of fraud, the invention record itself was not discoverable because it was not made in the furtherance of fraud.¹²¹ Wilson countered by avowing that it had established a prima facie showing of both common law fraud and inequitable conduct because the standards were practically identical.¹²² Wilson also argued that the district court had properly inferred intent to deceive and that Spalding made the invention record in furtherance of a fraud on the PTO.¹²³

The Federal Circuit rejected Wilson's arguments, emphasizing the clear distinction between common law fraud and inequitable conduct.¹²⁴ The court stated that the showing of common law fraud needed to pierce the attorney-client privilege requires a clear demonstration that the parties made communications to further a crime or fraud, while inequitable conduct is a broader, more inclusive concept.¹²⁵ Inequitable conduct, according to the court, is a lesser offense and can be proven without a showing of knowing and willful fraud.¹²⁶ Moreover, inequitable conduct, by itself, does not

Howes v. Med. Components, Inc., 7 U.S.P.Q.2d (BNA) 1511, 1512 (E.D. Pa. 1988); Detection Sys., Inc. v. Pittway Corp., 96 F.R.D. 152, 155 (W.D.N.Y. 1982); Sneider v. Kimberly-Clark Corp., 91 F.R.D. 1, 5 (N.D. Ill. 1980); Choat v. Rome Indus., Inc., 462 F. Supp. 728, 732 (N.D. Ga. 1978)).

117. *Id.*

118. *Id.* at 807.

119. *Id.* at 806 (citing Walker Process Equip., Inc. v. Food Mach. & Chem. Corp., 382 U.S. 172 (1965)).

120. *Id.*

121. *Id.* at 806-07.

122. *Id.* at 807.

123. *Id.*

124. *Id.*

125. *Id.* (citing Nobelpharma AB v. Implant Innovations, Inc., 141 F.3d 1059, 1169-70 (Fed. Cir. 1998)).

126. *Id.* (citing Nobelpharma, 141 F.3d at 1069).

indicate common law fraud.¹²⁷ The court held that merely failing to cite prior art will not suffice for a showing of fraud; the withholding must show fraudulent intent.¹²⁸ In light of this reasoning, the Federal Circuit found the district court's inference of fraudulent intent to be incorrect, as Wilson did not show that Spalding created the invention record to further a fraud on the PTO.¹²⁹ A mere allegation of a failure to cite a prior art reference to the PTO would not suffice.¹³⁰ The Federal Circuit observed the fallacy of Wilson's argument when it stated that if the invention record contained a reference to art that was not cited to the PTO, any potential fraud was not committed through the invention record, but by the patent attorney's subsequent failure to reference the art to the PTO.¹³¹ Wilson had not produced any evidence of fraudulent intent, and therefore, the crime-fraud exception did not apply.¹³²

V. Analysis: The Federal Circuit Chose the Proper Path, but Should Have Gone Farther

The Federal Circuit correctly dismissed the *Jack Winter* line of cases¹³³ despite the legitimacy in part of *Jack Winter's* reasoning. Indeed, a patent applicant should not be able to avoid statutorily required disclosure merely by funneling information into the hands of an attorney.¹³⁴ Furthermore, the Framers of the Constitution provided patents for the purpose of promoting the "progress of science and the useful arts."¹³⁵ The new ideas disclosed in the patent are available to anyone interested and, although protected, certainly allow scientists and competitors to learn and discover.¹³⁶ Consequently, patent applications should contain all relevant information on how to make and best use the invention to afford the greatest benefit to society.¹³⁷ Indeed, the fatal flaw of the *Jack Winter* case lies in its total underestimation of the job patent attorneys perform. As the *Knogo* court noted:

127. *Id.*

128. *Id.* (citing *Nobelpharma*, 141 F.3d at 1071).

129. *Id.* at 808.

130. *Id.*

131. *Id.*

132. *Id.*

133. *See supra* note 117 and accompanying text.

134. *See, e.g., Fisher v. United States*, 425 U.S. 391 (1976) (holding that tax records do not become privileged simply because a party has funneled them into the hands of an attorney).

135. U.S. CONST. art. I, § 8, cl. 8.

136. *See Go, supra* note 14, at 613.

137. *See supra* note 26.

The conclusion reached by the authorities in the *Jack Winter* camp rests on an oversimplification of the role performed by the patent attorney during the patent application process. . . . [The attorney] does not file his client's communications with the Patent Office. He does not file transcripts of his conversations with the client regarding technical matters and then await the issuance of a patent, yet this is the impression one derives from a reading of the *Jack Winter* view.¹³⁸

The reality of the cooperative effort put forth by the inventor and the patent attorney is far different from the *Jack Winter* portrayal.¹³⁹ The *Knogo* characterization of the relationship is far more accurate; therefore, the Federal Circuit correctly adopted the *Knogo* view over *Jack Winter*. Furthermore, although still recognized, many courts had already begun to reject the *Jack Winter* line of cases.¹⁴⁰ In the last decade, the great weight of authority has held that the privilege should attach to some technical communications.¹⁴¹

The strength of the *Spalding* opinion lies in the Federal Circuit's decision not to attempt to separate technical information from requests for legal advice in the invention records.¹⁴² As stated in *Knogo*, the technical information and requests for legal advice are often inseparable and at least hopelessly intertwined.¹⁴³ However, the Federal Circuit opinion in *Spalding* fell short for two major reasons. First, by relegating *Jack Winter* and the "mere conduit" theory to a footnote, and especially by failing to examine and reject the relevant holdings of this line of cases, the Federal Circuit left the door open for a ruling that the privilege might not protect some technical communications.¹⁴⁴ This will likely lead to continued confusion over the application of the privilege to many client-patent attorney communications, excluding invention records. Second, the Federal Circuit erred by not adopting the *Advanced Cardiovascular* theory that all communications between client

138. *Knogo Corp. v. United States*, 213 U.S.P.Q. (BNA) 936, 940 (Ct. Cl. 1980).

139. *Id.* at 940-41.

140. *Advanced Cardiovascular Sys., Inc. v. C.R. Bard, Inc.*, 144 F.R.D. 372, 375 (N.D. Cal. 1992).

141. *Id.*

142. *In re Spalding Sports Worldwide, Inc.*, 203 F.3d 800, 806 (Fed. Cir. 2000).

143. *Knogo*, 213 U.S.P.Q. (BNA) at 941.

144. *See Spalding*, 203 F.3d at 806 n.3; *see also* Michael O. Sutton & Christopher G. Darrow, *Recent Developments in Patent Law*, 9 TEX. INTELL. PROP. L.J. 429, 446 (2001) (asserting that *Spalding*, indeed, left the door open for holdings that some technical communications remain unprivileged).

and patent attorney, even those that are entirely technical, are presumptively privileged.¹⁴⁵

A. Spalding's Failure to Address and Reject Jack Winter

1. Spalding Does Not Rule Out Forced Production of a Privileged Document

Even after *Spalding*, a likelihood exists that a court could force production of a purely or even mostly technical document that a client transmits to his attorney.¹⁴⁶ This presents almost innumerable difficulties. One obvious utility of a patent infringement lawsuit is to use the suit as an excuse to discover *everything* the opponent is pursuing as far as obtaining patents. Any willingness by a court to force production of technical information will only further this improper and unethical practice¹⁴⁷ and encourage frivolous patent infringement suits.¹⁴⁸ The arrangement of technical data communicated to a patent attorney, especially coupled with comparisons to data from existing patents, can reveal information about the client's invention process that a competitor could not narrowly ascertain from test result data. Indeed, the process a client uses to invent is highly confidential in many cases. Further problems could arise if a client chooses to redact portions of a technical communication the court has ordered the client to turn over. In many cases, the client could truthfully argue that the redacted portions relate to different inventions or patents not at issue in the dispute. The *Spalding* court's failure to address the reasoning of the *Jack Winter* line of cases did nothing to ease such concerns.

2. The Two Flaws of Jack Winter Not Specifically Addressed in Spalding

The *Jack Winter* line of cases has two shortcomings. First, *Jack Winter* did not differentiate between communications and facts. Second, it failed to understand the PTO disclosure requirements. First, it is absolutely critical to note that communications — not the underlying facts, data, or information — receive the benefit of attorney-client privilege.¹⁴⁹ This is the exact distinction that the *Jack Winter* line failed to make and it is a flaw that *Spalding* did not

145. See *Advanced Cardiovascular*, 144 F.R.D. at 378.

146. See *supra* note 144 and accompanying text.

147. Rule 37 of the Federal Rules of Civil Procedure provides sanctions for abusive discovery practices. FED. R. CIV. P. 37.

148. Plain logic dictates that a plaintiff is far more likely to bring an infringement suit if it knows, win or lose, it has a good chance of discovering valuable technical information from a competitor.

149. *Advanced Cardiovascular*, 144 F.R.D. at 374.

address or specifically reject. *Jack Winter* and its progeny became narrow-minded in their efforts to ensure availability of "technical information such as the results of research, tests and experiments."¹⁵⁰ However, a party seeking discovery already is free to ask the inventor for whatever information is likely to lead to discovery of admissible evidence.¹⁵¹ Thus, opposing parties can discover, directly from the inventor, the technical information the inventor had about the invention, the results of tests the inventor performed, the documents related to experiments with the invention, and everything the inventor knew about prior art.¹⁵² A proper application of the privilege, however, simply blocks an indirect method of obtaining this technical information by accessing private attorney-client communications.¹⁵³ Rather than use the lazy approach of discovering what the opponent thought was technically important enough to pass on to the attorney, the court should force the party seeking discovery to *ask for the proper information*.¹⁵⁴ *Spalding* does little to encourage appropriate discovery practices.

Jack Winter and its progeny held that the full scope of the privilege do not apply to patent applications because the courts viewed the application process as having a much more extensive disclosure requirement than normal litigation.¹⁵⁵ This is the second major flaw of the *Jack Winter* line of cases that the Federal Circuit failed to address and reject. The attorney-client privilege exists

to encourage full and frank communication between attorneys and their clients and thereby promote broader public interests in the observance of law and administration of justice. The privilege recognizes that sound legal advice or advocacy serves public ends and that such advice or advocacy depends upon the lawyer's being fully informed by the client. . . . "The lawyer-client privilege rests on the need for the advocate and counselor to know all that relates

150. *Hercules Inc. v. Exxon*, 434 F. Supp. 136, 147 (D. Del. 1977).

151. *See* FED. R. CIV. P. 26(b)(1).

152. *Advanced Cardiovascular*, 144 F.R.D. at 374.

153. *See id.*

154. *See In re Ampicillin Antitrust Litig.*, 81 F.R.D. 377, 390 (D.D.C. 1978) ("If an attorney-client communication could be discovered if it contained information known to others, then it would be the rare communication that would be protected and, in turn, it would be the rare client who would freely communicate to an attorney.").

155. *See supra* Part III.A; *see also Jack Winter, Inc. v. Koratron Co.*, 50 F.R.D. 225, 228 (N.D. Cal. 1971) (noting that the PTO is different from the normal adversary; before the normal adversary, parties are at liberty to "lay back" somewhat, but before the PTO, total disclosure is required). *But see Advanced Cardiovascular*, 144 F.R.D. at 377-78 (holding that comparable duties of disclosure and good faith exist in civil litigation, while recognizing those duties might not be as extensive as the duties imposed on patent applicants).

to the client's reasons for seeking representation if the professional mission is to be carried out."¹⁵⁶

The failure of *Spalding* categorically to protect all confidential communications will prevent full and frank communication between patent attorney and client.

Spalding would have better served the patent bar by examining the relationship between the attorney-client privilege and the extensive disclosure requirement of 35 U.S.C. § 112.¹⁵⁷ Undoubtedly, full disclosure to the PTO of all information material to patentability is a mandatory and beneficial requirement.¹⁵⁸ The attorney, however, has no duty to transmit information that is not material to patentability.¹⁵⁹ He is not a "mere conduit" for every line of technical data relating to an invention. The duties to disclose, "while real and substantial, are not boundless."¹⁶⁰ Indeed, the duty of full disclosure does not require the applicant to list the "full spectrum of his knowledge" to establish the metes and bounds of the patent.¹⁶¹ In fact, "[i]nventors and their patent lawyers can be expected to have, in complete good faith, substantial private dialogue aimed at determining which of a wide range of possible information is in fact 'material' and thus subject to the duty to disclose."¹⁶² After all, "'[m]ateriality' is by no means a self-defining concept, especially when the subject of the patent is complex or subtle."¹⁶³ The fact that much of the technical information a client communicates to his patent attorney eventually makes its way into the patent application should not preclude the assertion of the attorney-client privilege to protect the communication that disclosed such information to the attorney.¹⁶⁴

When the applicant signs and swears to an application that is filed, the applicant obviously does not intend that communication to remain confidential; however, the same cannot be said about the technical communications that lead up to the application.¹⁶⁵ The *Spalding* court should have examined more fully and rejected the *Jack Winter* notion that the attorney must relay to

156. *Upjohn Co. v. United States*, 449 U.S. 383, 389 (1981) (quoting *Trammel v. United States*, 445 U.S. 40, 51 (1980)).

157. See 35 U.S.C. § 112 (2000).

158. See 37 C.F.R. § 1.56(a) (2000).

159. See *id.*

160. *Advanced Cardiovascular*, 144 F.R.D. at 378.

161. See *Eli Lilly & Co. v. Generix Drug Sales, Inc.*, 460 F.2d 1096, 1102-03 (5th Cir. 1972).

162. *Advanced Cardiovascular*, 144 F.R.D. at 378.

163. *Id.*

164. *Knogo Corp. v. United States*, 213 U.S.P.Q. (BNA) 936, 941 (Ct. Cl. 1980).

165. *Id.*

the PTO every iota of information the client communicates in relation to a potential patent.

3. *The Federal Circuit Leaves the Door Open for Continued Confusion*

Spalding still might allow for the seemingly overbroad — but previously permissible, under *Jack Winter* — discovery request for all technical information communicated to the patent attorney. The party opposing discovery still has the burden of proving that the client submitted the information for the purpose of obtaining legal advice.¹⁶⁶ There is, however, no need for patent practitioners to become alarmed. Indeed, the Federal Circuit leniently found a legal-advice purpose based on the fact that (1) the client sent the invention record to its in-house legal department and (2) an in-house patent attorney declared that he used the record in making patentability determinations.¹⁶⁷ Despite the Federal Circuit's leniency, the fact remains that some courts might not be so merciful.¹⁶⁸

According to a current treatise, the party seeking to avoid discovery "must make a reasonably clear showing that documents containing technical matters communicated in confidence are primarily of a legal nature and involve the rendition of legal service."¹⁶⁹ This requirement likely stems from an interpretation of *Spalding's* legal-advice requirement. *Spalding's* apparent requirement of a reasonably clear showing that the communication sought legal advice is unnecessary, ambiguous, and problematic.

Implicit in the legal-advice requirement is the belief that patent attorneys are somehow involved in the client's business decisions or technical concerns. Certainly, business concerns play a role in some decisions made during the patenting process. However, it is safe to assume that the client or inventor, not the patent attorney, "pulls the lead oar in identifying and ascribing weight to such considerations."¹⁷⁰ The client pays the patent attorney to predict how

166. See *In re Spalding Sports Worldwide, Inc.*, 203 F.3d 800, 805 (Fed. Cir. 2000) (defining the central inquiry as whether the client made the communication for the purpose of obtaining legal advice or services). The party asserting the attorney-client privilege has the burden of proving each requisite element. See, e.g., *Int'l Tel. & Tel. Co. v. United States*, 60 F.R.D. 177, 184 (M.D. Fla. 1973).

167. See *Spalding*, 203 F.3d at 805.

168. Although the Federal Circuit sets binding precedent for patent law issues, it is not difficult to envision a district court deciding that whether a communication sought legal advice is not a substantive patent law issue and, therefore, applying its own, stricter test. This is possible because the Federal Circuit applies its law only to substantive patent issues. *Id.* at 803. The law of the circuit where the case originated governs all other issues. *Id.*

169. 26 FED. PROC., L. ED. § 60:1032 (2002).

170. *Advanced Cardiovascular Sys., Inc. v. C.R. Bard, Inc.*, 144 F.R.D. 372, 376 (N.D. Cal. 1992).

a patent examiner will likely reason about quasi-legal concepts, like obviousness,¹⁷¹ not primarily to give advice about business or technical matters.¹⁷² Furthermore, the PTO requires a technical education background¹⁷³ to become a patent attorney or agent, so one might hypothesize that very few patent attorneys possess the requisite business education to give credible business advice. A patent attorney will more likely use technical data to make patentability evaluations and make "materiality"¹⁷⁴ assessments than to offer technical advice on how to make an invention.¹⁷⁵

By insisting on proof that the client submitted the data to the patent attorney for the purpose of obtaining legal advice, the *Spalding* court invites testimony that is "unreliable at best, and an invitation for false swearing at worst."¹⁷⁶ Indeed, the Federal Circuit left open the possibility that some technical communications will be exposed.

B. The Federal Circuit Should Have Adopted the Clearer Standard of Advanced Cardiovascular

Every concern raised above would have been erased had the *Spalding* court adopted the rule expressed in *Advanced Cardiovascular* that all communications between client and patent attorney, even those that are entirely technical, are presumptively privileged.¹⁷⁷ In doing so, the court would have eased any worries about the continuing existence of *Jack Winter* and its progeny and would have eliminated the complications involved in proving that the communication sought legal advice. Unless a client transmits technical information to the patent attorney and the patent attorney reproduces the information, without editing, in the patent application, a presumption of privilege is proper.¹⁷⁸ Why else would a client submit technical information to a patent attorney except for the purpose of obtaining legal advice? As shown above, courts have already correctly found that the client takes the lead in making business and technical decisions.¹⁷⁹ The inventor looks to the

171. See 35 U.S.C. § 103 (2000).

172. *Advanced Cardiovascular*, 144 F.R.D. at 377.

173. See U.S. PATENT & TRADEMARK OFFICE, GENERAL REQUIREMENTS BULLETIN FOR ADMISSION TO THE EXAMINATION FOR REGISTRATION TO PRACTICE IN PATENT CASES BEFORE THE UNITED STATES PATENT AND TRADEMARK OFFICE 3-4, available at <http://www.uspto.gov/web/offices/dcom/olia/oed/grb0204.pdf> (last visited Jan. 28, 2003).

174. See *Advanced Cardiovascular*, 144 F.R.D. at 377.

175. For instance, the client could hire a technical consultant far more cheaply than engaging a patent attorney to work in the actual invention process.

176. *Knogo Corp. v. United States*, 213 U.S.P.Q. (BNA) 936, 941 (Ct. Cl. 1980).

177. *Advanced Cardiovascular*, 144 F.R.D. at 378.

178. *Id.*

179. See *supra* notes 170-75 and accompanying text.

lawyer to understand the procedural and substantive legal requirements (e.g., the scope and character of the duty of disclosure) for issuance of the patent, as well as the criteria the law recognizes as relevant in possible future enforcement and validity actions.¹⁸⁰

Advanced Cardiovascular is a well-reasoned opinion. In *Advanced Cardiovascular*, Magistrate Judge Brazil of the Northern District of California effectively overruled his own earlier opinion. He admitted that a prior decision¹⁸¹ that followed *Jack Winter* "reflected no awareness that there was . . . a clear division of authority on [the issue of attorney-client privilege in patent litigation]" and that he was "[a]pparently ignorant" of the *Knogo* line of cases.¹⁸² Calling the *Knogo* line "well-reasoned," the court adopted the *Knogo* view after "consider[ing] the matter in greater depth, and having read all the relevant cases [it] could find."¹⁸³

The *Advanced Cardiovascular* court then painstakingly examined every aspect of the relationship between patent attorney and client as a "hopefully maturing perception of the realities of the patent application process" came to fruition.¹⁸⁴ The court determined that the decisions made in pursuing a patent are "not simple, linear, technical undertakings. They are intellectually dense, and the density is both technical and legal."¹⁸⁵ The court rejected both the idea that the pursuit of the patent attorney was a business concern¹⁸⁶ and that the client had no expectation of confidentiality due to the extensive PTO disclosure requirements.¹⁸⁷

The *Advanced Cardiovascular* court concluded that it was reasonable for a client to expect that the substantial private dialogue that takes place in the shaping and focusing of a patent application will remain confidential.¹⁸⁸ The court therefore held that even purely technical communications are presumptively privileged, and that it would consider ordering disclosure of such communications "only on a very compelling showing . . . that . . . the inventor . . . expected specific communications he or she made to patent counsel to be disclosed, without editing, to the PTO."¹⁸⁹

180. *Advanced Cardiovascular*, 144 F.R.D. at 376-77.

181. See *Hewlett-Packard v. Bausch & Lomb, Inc.*, 116 F.R.D. 533, 542 (N.D. Cal. 1987).

182. *Advanced Cardiovascular*, 144 F.R.D. at 374.

183. *Id.*

184. *Id.* at 375.

185. *Id.* at 376.

186. *Id.* at 377.

187. *Id.*

188. *Id.* at 378.

189. *Id.*

Other courts have followed suit.¹⁹⁰ In finding *Advanced Cardiovascular's* later views on attorney-client privilege persuasive, Judge Sippel remarked:

In fact, inventors and their patent counsel often engage in quite substantive private dialogue as part of the process of shaping and focusing a patent application and like any other attorney client relationship it is reasonable for them to expect their dialogue to remain confidential. On that basis such communication is presumptively protected by the attorney-client privilege. This analysis extends even to the organization of technical information. To find otherwise is to oversimplify the patent application process and to demean the patent attorney's role to that of a mere scrivener.¹⁹¹

The reader should note that the above quotation distinguishes between the technical data itself, which the privilege does not protect, and the organization or arrangement of data present in a communication, which the privilege does protect. The strength of *Knogo's* and *Advanced Cardiovascular's* tests are that they seek "to examine documents in light of the relationship between patent attorney and client within the application process, rather than just examining a document in isolation from that process."¹⁹² The tests would still grant the privilege to a highly technical document as long as the communication was confidential and requested legal advice.

Patent attorneys and their clients would have benefitted greatly had the Federal Circuit adopted the presumption of privilege from *Advanced Cardiovascular*.¹⁹³ Adopting a presumption of privilege would enable district courts to force parties seeking discovery to use some professionalism in asking for specific technical information from their opponents, rather than allowing them to trample the attorney-client privilege by requesting all general technical information communicated to an attorney with respect to the patent at issue. Furthermore, it would have conclusively extinguished the *Jack Winter* line of cases. Instead, patent attorneys must continue to approach client communications with uncertainty.

190. See, e.g., *Space Systems/Loral, Inc. v. Lockheed Martin Corp.*, 51 U.S.P.Q.2d (BNA) 1063 (N.D. Cal. 1999); *Messagephone, Inc. v. SVI Sys., Inc.*, NO. 3-97-1813 H, 1998 WL 812397 (N.D. Tex. Nov. 18, 1998); *Ryobi N. Am., Inc. v. Union Elec. Co.*, 7 F. Supp. 2d 1019, 1021 (E.D. Mo. 1998); *Laitram Corp. v. Hewlett-Packard Co.*, 827 F. Supp. 1242 (E.D. La. 1993); *Rohm & Haas Co. v. Brotech Corp.*, 815 F. Supp. 793 (D. Del. 1993).

191. *Ryobi*, 7 F. Supp. 2d at 1021.

192. *Laitram*, 827 F. Supp. at 1246.

193. See *Go*, *supra* note 14, at 648 (proposing that the Federal Circuit adopt the "enlightened" position of *Advanced Cardiovascular*).

VI. What Communications Are Privileged in Light of *Spalding*?

Spalding generates two obvious questions: (1) what communications are privileged? and (2) what can practitioners do to protect the privilege? Several courts recently have interpreted *Spalding*.¹⁹⁴ *McCook Metals v. Alcoa, Inc.*¹⁹⁵ examined *Spalding* less than a month after the Federal Circuit handed down the opinion¹⁹⁶ and exemplifies the confusion *Spalding* left in its wake. The *McCook Metals* court held that while draft patent applications are privileged, technical communications made in pursuit of such an application are not.¹⁹⁷ This holding is at odds with reality because courts had already noted that technical information plays a part in the "quite substantive" private dialogue that takes place between client and patent attorney.¹⁹⁸

A client should not have to worry about arranging technical data in a nonrevealing manner before communicating it to the attorney. The holding of *McCook Metals* is inexplicable in light of the fact that, while not all technical data communicated to the patent attorney will make its way into a publicly accessible patent application file, all of the information in a patent application communicated to the PTO will be publicly available. Therefore, the client has a more reasonable expectation of confidentiality with respect to technical data transmitted to the attorney to prepare an application than with the actual draft of the application; yet the draft is privileged and the communications are not. One could infer that the *McCook Metals* court stumbled over the distinction between communications and the facts present in the communication. The communication is privileged but the facts are not. *Spalding* could have eliminated this problem by adopting the *Advanced Cardiovascular* theory that all communications, even purely technical communications, are presumptively privileged.

The *McCook Metals* court ruled on the application of privilege to a variety of documents, including draft patent applications (privileged), a form reminder of the duty of disclosure to the PTO (privileged), a checklist noting that the attorney reviewed issues and patent requirements with the client (privileged),

194. *Mass. Eye & Ear Infirmary v. QLT Phototherapeutics, Inc.*, 167 F. Supp. 2d 108 (D. Mass. 2001) (granting privilege to technical documents); *Softview Computer Prods. Corp. v. Haworth, Inc.*, 58 U.S.P.Q.2d (BNA) 1422 (S.D.N.Y. 2000) (holding that privilege is not automatically eliminated because a communication contains technical data, as long as the client intended the communication to be confidential); *Transonic Sys., Inc. v. Non-Invasive Med. Tech.*, 192 F.R.D. 710 (D. Utah 2000) (following *Spalding*).

195. 192 F.R.D. 242 (N.D. Ill. 2000).

196. *See id.*

197. *Id.* at 252.

198. *Ryobi N. Am., Inc. v. Union Elec. Co.*, 7 F. Supp. 2d 1019, 1021 (E.D. Mo. 1998).

summary of competitor patents (not privileged), interoffice memoranda containing sales data, royalties, etc. (not privileged, but with any legal opinions therein redacted), Invention Control Sheet and Report (privileged, equivalent to *Spalding* invention record), and technical drawings, sketches, tables, and test results sent from inventor to patent attorney (not privileged).¹⁹⁹ Interestingly, while the court held that the attorney-client privilege did not protect technical drawings and descriptions, the privilege did protect the Invention Control Sheet and Report containing a "detailed technical description of the invention and testing results."²⁰⁰ The *McCook Metals* court reached this result because it recognized an implicit request for legal advice in the Invention Control Sheet and Report but not in the technical communications.²⁰¹ The *McCook Metals* court reasoned that the Invention Control Sheet, containing technical data, implicitly requests that the patent attorney form a legal opinion and render services, yet the technical data by itself does not contain an explicit or implied request for legal advice.²⁰² It is difficult to imagine how the court could make this differentiation and what the court thinks the patent attorney does with the technical data other than use it to form a legal opinion. In *Spalding*, the Federal Circuit noted that an attorney cannot evaluate patentability or prepare a competent patent application without obtaining technical data from the inventors.²⁰³ It seems, although it is not plainly apparent, that the Federal Circuit intended the attorney-client privilege to include technical data communicated to aid in preparing an application. Again, an adoption of a presumptive privilege by the Federal Circuit would avoid *McCook Metals's* inconsistent results.

Six months after *McCook Metals*, the same district court, in *SmithKline Beecham Corp. v. Apotex Corp.*,²⁰⁴ rejected an invitation to limit *Spalding* only to invention records.²⁰⁵ The court found several documents privileged, including "reports of technical information or results of tests requested by attorneys . . . said to involve assessments of patentability, or provide information underlying legal advice for the protection of patents . . . and described as prepared in order to allow attorneys to assess patentability and

199. *McCook Metals*, 192 F.R.D. at 252-55.

200. *Id.* at 254.

201. *Id.* at 254-55.

202. *Id.*

203. *In re Spalding Sports Worldwide, Inc.*, 203 F.3d 800, 806 (Fed. Cir. 2000).

204. NO. 98 C 3952, 2000 WL 1310668 (N.D. Ill. Sept. 13, 2000).

205. *Id.* at *5. *But see* *Fordham v. Onesoft Corp.*, NO. CIV. A. 00-1078-A, 2000 WL 33341416 (E.D. Va. Nov. 6, 2000) (limiting *Spalding* to invention records and allowing discovery of confidential draft patent applications). *Spalding* could have avoided such inconsistent decisions by adopting a presumptive privilege to all communications between patent attorney and client.

sift information to prepare applications."²⁰⁶ It is apparent that, after *Spalding*, to ensure that technical data is privileged, it should be accompanied by an explicit request for legal advice or in direct response to a request for legal advice.

A post-*Spalding* article suggests that in order to ensure the attorney-client privilege, a client should clearly label invention disclosure records, which include technical data, as privileged and specify that the client is providing the information for the purposes of securing legal opinions, services, or legal assistance.²⁰⁷ Further, the client should always submit the information directly to the attorney,²⁰⁸ and the evaluators of the invention disclosure record should always focus on patentability or related legal issues over business issues involving competitors or market penetration.²⁰⁹ Another treatise suggests doing away with the traditional boilerplate confidentiality statement many lawyers now place on every communication.²¹⁰ Instead, the author suggests two reasons for using such a disclaimer only when confidentiality is truly intended. First, it will actually alert the attorney and recipient of the communication of the sensitive nature of the document.²¹¹ Second, the attorney can point to a clear intention of confidentiality because the language is not part of a boilerplate communication scheme.²¹² Although *Spalding* certainly made it easier for technical documents to retain the attorney-client privilege, the practitioner still takes a risk when receiving or transmitting purely technical data. Taking precautions similar to those listed above may serve to lessen that risk.

VII. Conclusion

The Federal Circuit correctly rejected the faltering *Jack Winter* line of cases and followed *Knogo*. However, the decision to brush aside *Jack Winter* in a footnote with limited explanation instead of specifically addressing its flaws was shortsighted. The failure to abandon expressly the entire line of cases following *Jack Winter* was even more shortsighted. Indeed, the Federal Circuit set itself up to confront cases in the future by not ruling that all technical communications are presumptively privileged. Requiring proof that the client transmitted the information for the purpose of obtaining legal advice will

206. *SmithKline Beecham*, 2000 WL 1310668, at *4 (quoting *Smithkline Beecham Corp. v. Apotex Corp.*, 193 F.R.D. 530, 538 (N.D. Ill. 2000)).

207. *See Crouse*, *supra* note 73, at 18.

208. *Id.*

209. *Id.*

210. HORWITZ, *supra* note 36, § 5.01[4], at 5-20.

211. *Id.*

212. *Id.*

create additional difficulties. As a result, patent attorneys and clients must still exercise caution when exchanging technical information. The proper rule would presumptively protect all communications unless the party urging disclosure made a compelling showing that the inventor intended the attorney to disclose the information, without editing, to the public through a patent application. Such a rule would encourage full and candid disclosure between patent attorney and client, which is, of course, the purpose of the attorney-client privilege.

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