Attorney-Client Privilege

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Overview

• Part I: The Attorney-Client Privilege
  – What is Attorney-Client Privilege?
  – What is Work-Product Privilege?
  – How does the Privilege Work?
  – Exceptions to the Privilege
  – Determining if a communication is Privileged
  – Invoking the Privilege

• Part II: Attorney-Client Privilege in Patent Prosecution
  – Patent Prosecution Documents
  – Communications with Non-Lawyers

• Part III: Attorney-Client Privilege and Willful Patent Infringement
  – What is Willful Infringement
  – Reliance on Opinion of Counsel Defense
  – Waiving Attorney-Client Privilege
Part I: The Attorney-Client Privilege
What is the Attorney-Client Privilege?

• A **confidential communication** between an **attorney and a client** for the **purpose of giving legal advice**.
  
  – **Note that facts, alone, are NOT privileged!**

• **Policy**
  
  – Promotes an open and honest stream of communication between client and attorney

• **Federal Rule of Evidence 501**
  
  – Privilege shall conform to common law or state law

• **Ethical Rule**
  
  – Model Rule of Professional Conduct 1.6 requires an attorney to keep confidential all information relating to the representation

• The **Attorney Work-Product Doctrine** may protect documents and communications from or at the direction of an attorney drafted in anticipation of litigation
  
  – Narrower than the a/c privilege; and note the "reasonable anticipation of litigation" standard for litigation hold…
How the Privilege Works

• Only the CLIENT can “assert” the privilege

• Only the CLIENT can “waive” the privilege

• For the communication to be Privileged, it must be:
  – Made between the attorney and client;
  – Made without a third party present; and
  – For the purpose of obtaining:
    • Legal advice or opinion
    • Legal services
    • Assistance in a legal proceeding
Exceptions to the Privilege

• In limited circumstances, an attorney can waive the privilege without the express consent of the client:
  – To prevent death or substantial bodily harm
  – To prevent client from committing crime or fraud that will result in substantial financial injury
  – To prevent, mitigate or rectify injury resulting from client’s commission of a crime or fraud
  – To obtain legal advice from another lawyer about compliance with ethical rules
  – To defend against a claim or defense concerning the lawyer’s representation
  – To comply with other law or a court order

-Model Rule of Professional Conduct 1.6
Determining if a Communication is Privileged

• Was the communication made between a client and attorney?
• Was the communication made only with the attorney (and other related employee(s) within the company)?
• Was the communication made for the purpose of obtaining legal advice?

If your answer to all 3 questions is YES, you have a

PRIVILEGED COMMUNICATION!
Helpful Tips for Preserving Privilege

• Oral Communications
  – Make sure the attorney is present at the discussion if the discussion is to obtain legal advice
  – Do not divulge the information in minutes or other memoranda
  – Do not discuss the privileged information on mobile phones or public areas (e.g., elevators)

• Written Communications
  – Label the document “Attorney-Client Privileged”
  – Identify all the recipients of the document (no ‘bcc’)
  – Do not attach documents that are not privileged
  – Do not write notes on the documents
Part II: Attorney-Client Privilege in Patent Prosecution
Patent Prosecution Documents

• Two conflicting views on whether the Privilege extends to patent prosecution documents:
  - **No Privilege View:** Technical information provided by a client to its outside counsel for purposes of preparing and prosecuting a patent application are not privileged due to disclosure requirements pursuant to 35 U.S.C. § 112
  - **Privilege View:** Disclosure requirements of 35 U.S.C. § 112 do not affect the privileged status of attorney-client communications and attorney must exercise legal judgment in extracting the invention from the technical information, preparing the application, and ultimately submitting to the patent Office the material information.

• This is the majority view as adopted in the 1st, 2d, 4th, 5th and 9th Circuits
Invention Disclosure Documents

• Also known as an “Invention record”

• A standard form used by companies as a means for inventors to disclose to the patent attorneys that an invention has been made and details the specifications of the patent application (i.e., inventors, prior art, conception, disclosure to others, etc.)

• Federal Circuit holds that invention records are generally Privileged (adopting the majority view)
  – In re Spalding Sports Worldwide (Fed. Cir. 2000)
Communications with U.S. Patent Agents

• A U.S. “Patent Agent” is a non-attorney who has been authorized by the U.S. Patent Office to prosecute patent applications and argue in proceedings before the Patent Office

• *In re: Queens University* (CAFC Mar. 7, 2016)
  
  – "Communications between non-attorney patent agents and their clients that are in furtherance of the performance of [practice before the PTO under 37 C.F.R. § 11.5(b)(1)], or which are reasonably necessary and incident to the preparation and prosecution of patent applications or other proceeding before the Office involving a patent application or patent in which the practitioner is authorized to participate receive the benefit of the patent agent privilege."

  – "Communications that are not reasonably necessary and incident to the prosecution of patents before the Patent Office fall outside of the scope of the patent agent privilege."

• The issue rests on the role the Patent Agent played when communicating with the client.
Communications with Non-U.S. Patent Agents

• **General Rule**: Confidential communications with a foreign patent agent who is working under the supervision and direction of an attorney in the U.S. are privileged, assuming the communications would otherwise qualify as Privileged communications.
  

• Where the situation involves non-U.S. companies and non-U.S. patent agents dealing with non-U.S. patents, courts generally apply the applicable foreign Privilege law so long as the foreign Privilege law does not run counter to the public policy of the forum.
  

• “Communications between foreign patent agents and a foreign corporation concerning the prosecution of a foreign patent are privileged if such privilege is recognized under the law of the foreign country in which the patent application is filed.”
  
Part III: Attorney-Client Privilege and Willful Patent Infringement
What is Willful Infringement?

• When an accused infringer knowingly infringes a patent, the infringer is said to have “willfully” infringed the patent.

• If infringer is found to have acted willfully, the patentee may be entitled to “three times the amount” of damages found for infringement (35 U.S.C. § 287).
Willful Patent Infringement --The Seagate Standard

• In re Seagate Technology, 497 F.3d 1360 (Fed. Cir. 2007)

• Two Prong Test:
  – **Objective** *recklessness as to Infringement*
    • This is a question of law for the Court (not jury) to decide. *Bard Peripheral Vascular Inc. v. W.L. Gore & Assoc. Inc.* (Fed. Cir. June 14, 2012)
  – **Subjective** *Knowledge of Risk of Infringement*
    • This is a question of fact a jury can decide
Willful Patent Infringement --The Seagate Standard

• The 2-Prong Test is Stated by the Federal Circuit as Follows:

• “[T]o establish willful infringement, a patentee must show by clear and convincing evidence that the infringer acted despite an objectively high likelihood that its actions constituted infringement of a valid patent.”

• “If this threshold objective standard is satisfied, the patentee must also demonstrate that this objectively-defined risk . . . was either known or so obvious that it should have been known to the accused infringer.”
Defenses to Willful Infringement

• Patent is Invalid and/or unenforceable (e.g. obviousness; anticipation)
  – Note effect of Commil v. Cisco (U.S. 2015): “Invalidity is not a defense to infringement, it is a defense to liability. And because of that fact, a belief as to invalidity cannot negate the scienter required for induced infringement.” The Supreme Court explained various “practical reasons not to create a defense based on a good-faith belief in invalidity.”
  – The accused inducers have several alternate avenues to assert their belief in invalidity:
    • Declaratory judgement action.
    • Petition for inter partes review.
    • Proving invalidity at trial.
  – Opinions will find a new emphasis on non-infringement/experts and Markman

• No “objectively high likelihood” of infringement (e.g. finding of infringement was a “close call”)

• Reliance on Opinion of Counsel
Advice of Counsel Defense

• There is no “affirmative obligation to obtain opinion of counsel”

• Having an opinion of counsel, however, can significantly strengthen the defense to willful infringement.

• This defense requires that accused infringer sought, obtained and relied upon the competent advice of a qualified attorney that there is no infringement

• Advice of counsel is often in the form of an “opinion letter”

• When an accused infringer asserts the defense of reliance on opinion of counsel, the attorney-client privilege is WAIVED
  – Cannot use privilege as both a “sword and shield"
Waiver of Attorney-Client Privilege

• Scope of the waiver of the attorney-client privilege:

“The widely applied standard for determining the scope of a waiver of attorney-client privilege is that the waiver applies to all other communications relating to the same subject matter.”

“[W]hen an alleged infringer asserts its advice-of-counsel defense regarding willful infringement of a particular patent, it waives its immunity for any document or opinion that embodies or discusses a communication to or from it concerning whether that patent is valid, enforceable, and infringed by the accused.”

– In re Echostar (Fed Cir. 2006)
Scope of Waiver - *In re Echostar*

• In May 2006, the Federal Circuit explained how far the waiver of the attorney-client privilege extends:

> “when an alleged infringer asserts its advice-of-counsel defense regarding willful infringement of a particular patent, *it waives its immunity for any document or opinion that embodies or discusses a communication to or from it concerning whether that patent is valid, enforceable, and infringed by the accused*. This waiver of both the attorney-client privilege and the work-product immunity includes not only any letters, memorandum, conversation, or the like between the attorney and his or her client, but also includes, when appropriate, any documents referencing a communication between attorney and client.”

– *In re Echostar* (Fed. Cir. May 1, 2006)
Scope of Waiver – *In re Echostar* (cont’d)

• 3 general categories of documents are often the subject of disputes concerning the scope of the waiver:

  – Documents that embody a communication between the attorney and client concerning the subject matter of the case, such as a traditional opinion letter;

  – Documents analyzing the law, facts, trial strategy, and so forth that reflect the attorney’s mental impressions but were not given to the client; and

  – Documents that discuss a communication between attorney and client concerning the subject matter of the case but are not themselves communications to or from the client.
Scope of Waiver – *In re Echostar* (cont’d)

- **Category 1**: Documents that embody a communication between the attorney and client concerning the subject matter of the case, such as a traditional opinion letter

  **PRIVILEGE WAIVED**

- “When a party relies on the advice-of-counsel as a defense to willful infringement the party waives its attorney-client privilege for all communications between the attorney and client, including any documentary communications such as opinion letters and memoranda.”
Scope of Waiver – In re Echostar (cont’d)

• **Category 2**: Documents analyzing the law, facts, trial strategy, and so forth that reflect the attorney’s mental impressions but were not given to the client

  **PRIVILEGE NOT WAIVED**

• “‘Opinion’ work product deserves the highest protection from disclosure. . . . [I]f a legal opinion or mental impression was never communicated to the client, then it provides little if any assistance to the court in determining whether the accused knew it was infringing, and any relative value is outweighed by the policies supporting the work-product doctrine.”
Scope of Waiver – *In re Echostar* (cont’d)

• **Category 3**: Documents that discuss a communication between attorney and client concerning the subject matter of the case but are not themselves communications to or from the client.

  PRIVILEGE WAIVED

• When “there may be documents in the attorney’s file that reference and/or describe a communication between the attorney and client, but were not themselves actually communicated to the client . . . [waiving the privilege] will aid the parties in determining what communications were made to the client and protect against intentional or unintentional withholding of attorney-client communications from the court.”
Waiving In-House Counsel Privilege

• The rules regarding Attorney-Client Privilege apply to both in-house counsel and outside counsel

• Use of in-house counsel may affect the strength of the defense, but it does not affect the legal nature of the advice. . . . When an accused infringer “chose to rely on the advice of in-house counsel, it waived the attorney-client privilege with regard to any attorney-client communications relating to the same subject matter, including communications with counsel other than in-house counsel.”

  – *In re Echostar* (Fed. Cir. May 1, 2006)
Litigation Counsel Privilege

• Waiver of attorney-client privilege by disclosure of opinion counsel communications does **not** extend to trial counsel
  – Opinion counsel and trial counsel have “significantly different functions”
  – “[I]n ordinary circumstances, willfulness will depend on an infringer’s pre-litigation conduct”
• In “exceptional” and “unique” circumstances, however, such as where infringer or counsel “engages in chicanery,” waiver may extend to trial counsel
  – *In re Seagate* (Fed. Cir. 2007)
Conclusion

• Keep communications with counsel strictly with counsel.

• Willful Infringement Defense -- Opinions of counsel:
  – continue to have value
  – provide evidence of objective reasonableness of an accused infringer’s actions
  – generally not necessary in obvious cases of “patent trolling”
  – possibly consider various levels of detail required on a case-by-case basis

• Clear distinction made between opinion counsel and trial counsel
  – continue keeping the identity and activities of trial counsel distinct and separate from that of opinion counsel
Questions?
Thank you!