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# The Unpredictable Scope of the Waiver Resulting from the Advice-of-Counsel Defense to Willful Patent Infringement

## I. INTRODUCTION

In patent litigation, defendants typically face a dilemma when the complaint contains a claim of willful patent infringement. Often the best response a defendant has to this claim is that counsel advised the defendant that she was not infringing the plaintiff's patent. Raising the advice-of-counsel defense, though, makes certain information available to the plaintiff, which might otherwise be privileged.<sup>1</sup> The anticipation of this difficult position presents several choices beginning well before the plaintiff files the complaint and continuing through the discovery proceedings.<sup>2</sup>

Making the defendant's position even more difficult is the fact that in recent years, confusion has existed on the scope of the waiver of privileges resulting from the defendant asserting the advice-of-counsel defense to willful infringement. Some courts have limited the waiver to communications between the attorney and client,<sup>3</sup> while other courts have extended the waiver to include material relied on by the attorney, such as the attorney's selection of prior-art patents, even if the attorney never communicated that material to the client.<sup>4</sup> The disparate

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1. See *Viskase Corp. v. American Nat'l Can Co.*, 888 F. Supp. 899, 901 (N.D. Ill. 1995) (asserting advice-of-counsel defense waived attorney-client privilege for all documents relating to infringing patent, including discussions of related patents); *Saint-Gobain/Norton Indus. Ceramics Corp. v. General Elec. Co.*, 884 F. Supp. 31, 34 (D. Mass. 1995) (allowing discovery of all communicated documents that relate to the validity or infringement even if privileged); *Nobelpharma AB v. Implant Innovations Inc.*, 23 U.S.P.Q.2d 1476, 1478 (N.D. Ill. 1992) (allowing discovery of documents that directly relate to the party's opinion of infringement or validity of the asserted patent).

2. See discussion *infra* Part II.B.

3. See, e.g., *Micron Separations, Inc. v. Pall Corp.*, 159 F.R.D. 361, 363-64 (D. Mass. 1995) (declining to extend the waiver to documents not communicated to the client); *Thorn EMI N. Am., Inc. v. Micron Tech., Inc.*, 837 F. Supp. 616, 622 (D. Del. 1993) (stating that all documents relating to the infringement letters that were communicated to the client are waived).

4. See, e.g., *Mushroom Assocs. v. Monterey Mushrooms Inc.*, 24 U.S.P.Q.2d 1767, 1771 (N.D. Cal. 1992) (asserting that a plaintiff waives privilege with respect to all

decisions add confusion to the defendant's already difficult decision of whether to assert the advice-of-counsel defense.<sup>5</sup>

This Comment analyzes the scope of the waiver of the attorney-client privilege and the work product protection resulting from the advice-of-counsel defense to willful infringement. Part II explains the willful infringement standard, details the difficult choices presented to the defendant, and discusses the district court cases dealing with the scope of the waiver. Part III.A details the policies underlying the work product doctrine, the attorney-client privilege, and the competing policies supporting the waiver of those privileges by asserting the advice-of-counsel defense. Part III.B then balances the competing policies in light of the contradictory Federal Circuit standards for willful infringement. Part III.C discusses the need for certainty in this area of law. Part IV recommends that the Federal Circuit clarify the willful infringement standard, and that meanwhile the district courts base their opinions on certain existing Federal Cir-

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documents pertaining to infringement); *FMT Corp. v. Nissei ASB Co.*, 24 U.S.P.Q.2d 1073, 1075 (N.D. Ga. 1992) (waiving privilege for all documents whether communicated to the client or not).

5. Decisions on other issues that determine the scope of the waiver have also varied. For example, courts have disagreed about whether the waiver extends to communications after the inception of the suit. *Compare Haglund v. Dow Chem.*, 218 U.S.P.Q. 55, 57-58 (E.D. Cal. 1982) (waiving privilege only for those documents dated before the suit started), *with Applied Telematics, Inc. v. Sprint Corp.*, Civ. A. No. 94 CV 4603, 1995 WL 567436, at \*5 (E.D. Pa. Sept. 21, 1995) (extending the waiver to communications to the client after the inception of the suit which may be material in deciding the willfulness issue), *and McCormick-Morgan, Inc. v. Teledyne Indus., Inc.*, 765 F. Supp. 611, 613 (N.D. Cal. 1991) (reversing magistrate judge's decision to waive only those communications before the inception of the suit). Courts have also disagreed about whether the waiver extends to discussions of patents that the plaintiff did not assert in the suit. *Compare Viskase*, 888 F. Supp. at 901 (asserting advice-of-counsel defense waived attorney-client privilege for all documents relating to infringing patent, including discussions of related patents), *with Heidelberg Harris, Inc. v. Mitsubishi Heavy Indus., Ltd.*, No. 95 C 0673, 1996 WL 514993, at \*2 (N.D. Ill. Sept. 6, 1996) (waiving privilege of discussions of asserted patents does not waive privilege with respect to other patents, since the other patents must be different or they would not be separate). Courts have also disagreed about whether the waiver includes all discussions of validity, infringement and enforceability of the patent, or only those issues raised by asserting the advice-of-counsel defense. *Compare Applied Telematics*, 1995 WL 567436, at \*2 (limiting waiver to legal opinions regarding infringement, so it does not extend to other issues of infringement, validity or enforceability), *with McCormick-Morgan*, 765 F. Supp. at 613 (extending waiver to all documents relating to communications dealing with validity, enforceability and infringement of the asserted patents). Although these issues are still in dispute, the analysis in this Comment deals primarily with the issue of whether to include materials relied on by an attorney, but not communicated to the client in the waiver.

cuit standards. Part V concludes that if the Federal Circuit and the district courts follow these recommendations, they will instill more certainty in the scope of the waiver and return meaning to the attorney-client privilege and the work product doctrine in this context.

## II. BACKGROUND

### A. *Willful Infringement*

The patent laws have the constitutionally mandated goal of "promot[ing] the Progress of Science and useful Arts."<sup>6</sup> In doing so, the patent laws attempt to balance two conflicting means toward achieving that goal: (1) providing a reward for inventive activity and (2) allowing public access to ideas.<sup>7</sup> The patent laws execute this balance by imposing a quid pro quo arrangement between the patentee and the public. The patentee receives the legal right to exclude others from making, using, selling, offering for sale, or importing the patented invention for twenty years from the patent filing date;<sup>8</sup> the public receives an adequate disclosure of the invention,<sup>9</sup> and at the end of the twenty years the invention enters the public domain.<sup>10</sup>

The law surrounding this arrangement between the patentee and the public has provided a means by which the patentee may gain the full effect of the bargain, by excluding others from exploiting the invention. If a patentee discovers someone making, using, selling, offering for sale, or importing the patented invention without authority to do so, she may exercise her right of exclusion by suing for patent infringement in a federal district court.<sup>11</sup> The Court of Appeals for the Federal Circuit hears all patent appeals.<sup>12</sup> If necessary, a litigant may then apply for a

6. U.S. CONST. art. I, § 8, cl. 8.

7. See *Graham v. John Deere Co.*, 383 U.S. 1, 9 (1966) (discussing the conflict between providing a reward to the inventor and allowing the public access to ideas).

8. See 35 U.S.C.A. § 154(a) (West Supp. 1997).

9. See 35 U.S.C. § 112(a) (1994).

10. See 35 U.S.C.A. § 154(a) (West Supp. 1997) (stating that the term of a patentee's rights is twenty years from the time of filing the patent).

11. See 28 U.S.C. § 1338 (1994) (granting exclusive subject matter jurisdiction to the district courts in patent cases).

12. See 28 U.S.C. § 1295(a) (1994); see also *Panduit Corp. v. All States Plastic Mfg. Co.*, 744 F.2d 1564, 1573 (Fed. Cir. 1984) (stating that the Court of Appeals for the Federal Circuit has jurisdiction over appeals from district courts where the district court's jurisdiction was based on patent subject matter).

writ of certiorari in the United States Supreme Court—but because the Supreme Court rarely grants certiorari in patent cases, the Federal Circuit is essentially the court of last resort. Therefore, a split among the district courts is analogous to a split among the circuit courts in other areas of federal law.

A plaintiff has several remedies available in a patent infringement suit. She may get an injunction ordering the defendant to cease the infringing activity.<sup>13</sup> Also, the plaintiff may receive damages equal to the amount of lost profits from the infringer's activities,<sup>14</sup> but the damages are never less than the reasonable amount of royalty a competitor would have been willing to pay at the time the infringing activities began.<sup>15</sup> Additionally, 28 U.S.C. § 284 authorizes courts to increase damages up to three times the amount proved.<sup>16</sup> Although § 284 is silent as to the requirements for heightened damages,<sup>17</sup> the Federal Circuit has held that district courts, in their discretion, may give such an award for willful infringement.<sup>18</sup> If willful infringement is found, the judge may also award attorney fees to the plaintiff.<sup>19</sup>

Whether the defendant willfully infringed the patent is a question of fact.<sup>20</sup> However, even if willful infringement is found,

13. See 35 U.S.C. § 283 (1994).

14. See 35 U.S.C. § 284 (1994). To prove lost profits the plaintiff must prove that, but for the defendant's infringement, the plaintiff would have made the sales that the infringer made. See *State Indus., Inc. v. Mor-Flo Indus., Inc.*, 883 F.2d 1573, 1577 (Fed. Cir. 1989), *cert. denied*, 493 U.S. 1022 (1990); *Paper Converting Mach. Co. v. Magna-Graphics Corp.*, 745 F.2d 11, 21 (Fed. Cir. 1984). The plaintiff must then show the amount of profit that she would have made on those sales. See *State Indus.*, 883 F.2d at 1579-80 (approving the district court's use of the plaintiff's regular profit margin as an indication of the amount of profit she would have made on those sales).

15. See 35 U.S.C. § 284 (1994); see also *State Indus.*, 883 F.2d at 1580 (explaining that the amount of reasonable royalty is the amount that you would have gotten on a license of the patent at the time the infringement began); *Del Mar Avionics, Inc. v. Quinton Instrument Co.*, 836 F.2d 1320, 1326 (Fed. Cir. 1987) (stating that the purpose of the reasonable royalty alternative is to provide a floor below which damages can not go).

16. See 35 U.S.C. § 284 (1994).

17. See *id.*

18. See *Mahurkar v. C.R. Bard, Inc.*, 79 F.3d 1572, 1579 (Fed. Cir. 1996). The Federal Circuit recently stated that these heightened damages are punitive, rather than compensatory. See *Delta-X Corp. v. Baker Hughes Prod. Tools, Inc.*, 984 F.2d 410, 413 (Fed. Cir. 1993).

19. See 35 U.S.C. § 285 (1994). The statute states that the court may award attorney fees in exceptional circumstances. In *Mahurkar* the court stated that willful infringement may constitute such exceptional circumstances. 79 F.3d at 1579.

20. See *Graco, Inc. v. Binks Mfg. Co.*, 60 F.3d 785, 792 (Fed. Cir. 1995); see also

the amount of heightened damages is left to the discretion of the district court judge.<sup>21</sup> Thus, the judge may award no heightened damages, or the judge may award up to three times the actual damages depending on other factors that the judge weighs in the discretionary determination.<sup>22</sup>

In response to a willful infringement claim, the defendant may raise the defense that she relied on the advice of counsel in determining that she did not infringe the patent or that the patent was invalid or unenforceable.<sup>23</sup> An alleged infringer typically seeks an opinion letter from her attorney after receiving actual notice of the patent claim asserted against her, and before continuing with the activities that allegedly infringe the patent.<sup>24</sup> This opinion letter is the crux of the advice-of-counsel defense.

### B. *The Potential Infringer's Dilemma*

The interplay between a willful infringement claim and the advice-of-counsel defense presents the alleged infringer with a series of difficult choices. An understanding of these choices is crucial before undertaking an examination of the proper scope of the advice-of-counsel waiver.

#### 1. *Whether to continue the potentially infringing activities*

When a potential infringer receives actual notice asserting she is infringing a patent, she must decide whether to continue making, using, selling, offering for sale, or importing the product or process that potentially infringes the patent. Regarding this determination, courts have held a potential infringer to an affirmative duty to seek the advice of counsel (usually given in a letter) informing her of whether the asserted patent is valid and

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discussion *infra* Part III.B.2.

21. See *Graco*, 60 F.3d at 792.

22. For example, judges may consider whether the defendant copied the plaintiff's invention. See *Delta-X*, 984 F.2d at 414. Judges also consider whether the defendant has litigated in bad faith. See *Schering Corp. v. Precision-Cosmet Co.*, 614 F. Supp. 1368, 1383-84 (D. Del. 1985) (awarding only double damages for willful infringement because the defendant did not litigate in bad faith or copy the plaintiff's invention).

23. See *Westvaco Corp. v. International Paper Co.*, 991 F.2d 735, 743 (Fed. Cir. 1993).

24. Typically the actual notice comes in the form of a "cease and desist" letter from the patent owner, which informs the potential infringer that the patent owner considers her activities to be infringing the patent. See *id.* at 739.

whether she is infringing the patent.<sup>25</sup> If the potential infringer receives a letter from counsel indicating that she is not infringing or that the patent is invalid, the client will typically continue the potentially infringing activities.

## 2. *Whether to assert the advice-of-counsel defense*

Once the patent owner becomes aware that the potential infringer has continued its activities, the patent owner's legal recourse is through the courts. In this situation, the plaintiff will typically include a claim for willful infringement in the complaint. The defendant may then assert the advice-of-counsel defense, stating that the infringement was not willful. However, by asserting this defense, the defendant waives the attorney-client privilege and possibly the work product protection for all documents related to the infringement.<sup>26</sup> Alternatively, if the defendant chooses not to assert the advice-of-counsel defense, the defendant can assert the attorney-client privilege with respect to the opinion letter.<sup>27</sup> However, if the defendant asserts the privilege to protect the letter from discovery, the judge will instruct the jury that it may infer either the defendant obtained no letter or that the letter was adverse to the defendant.<sup>28</sup> These inferences are difficult to overcome, but may be rebutted by other factors.<sup>29</sup>

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25. See, e.g., *Underwater Devices Inc. v. Morrison-Knudsen Co.*, 717 F.2d 1380, 1389-90 (Fed. Cir. 1983) (holding the potential infringer to an affirmative duty after receiving actual notice of the potential infringement to determine whether they are infringing, which includes getting advice on infringement from competent counsel).

26. See *infra* notes 35-39.

27. See *Northwood Nursing & Convalescent Home, Inc. v. Continental Ins. Co.*, 161 F.R.D. 293, 298 (E.D. Pa. 1995) (stating that the privilege is only waived when the document is placed in issue by the party to whom the privileged information belongs by asserting a privileged document or describing it).

28. See *L.A. Gear, Inc. v. Thom McAn Shoe Co.*, 988 F.2d 1117, 1126 (Fed. Cir. 1993) (reversing the district court's holding that the defendant willfully infringed based on a negative inference drawn from the nonassertion of opinion of counsel); *Tenax Corp. v. Tensar Corp.*, 19 U.S.P.Q.2d 1881, 1886 (D. Md. 1991), *aff'd sub nom. Tenax Corp. v. RDB Plastotecnica S.p.A.*, 975 F.2d 868 (Fed. Cir. 1992) (allowing the jury to draw a negative inference when the defendant did not produce opinions received from counsel).

29. See *Electro Med. Sys., S.A. v. Cooper Life Sciences, Inc.*, 34 F.3d 1048, 1056-57 (Fed. Cir. 1994) (reversing the finding of willful infringement, although the defendant asserted the attorney-client privilege as to the opinion letter, stating that "an inference that an opinion was unfavorable does not foreclose consideration of other relevant factors").

### 3. *Whether to use the same counsel*

The defendant must also decide whether to use the same counsel that issued the infringement opinion as counsel for trial. One commentator asserted that courts should exclude the litigation counsel's communications from the waiver if the litigation counsel is separate from the counsel that issued the opinion.<sup>30</sup> However, at least one court has ruled that the identity of the attorney is irrelevant to the scope of the waiver.<sup>31</sup>

### 4. *Whether to move for bifurcation*

The defendant must also decide whether to move for bifurcation of the trial to relieve her dilemma between choosing to protect herself from a willful finding or maintaining the privilege and risking being found a willful infringer if liability is determined. The Federal Circuit in *Quantum Corp. v. Tandon Corp.*<sup>32</sup> recognized the defendant's difficult position and encouraged the district courts to seriously consider bifurcating the trial, by determining liability first, and then determining damages and willful infringement. Under this approach, the discovery proceedings would also be bifurcated so that the defendant would not have to allow discovery of the privileged materials until

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30. See Mark Alan Fligel & Rachel Turner, *An Accused Patent Infringer's Dilemma: Waive the Attorney-Client Privilege, or Risk a Finding of Willful Infringement*, COMPUTER LAW., June 1994, at 20, 21 (asserting that courts should not permit waiver of privilege to extend to material produced by litigation counsel if that counsel did not also issue formal infringement opinions).

31. See *Technitrol, Inc. v. Digital Equip. Corp.*, 181 U.S.P.Q. 731, 732 (N.D. Ill. 1974) (stating that the defendant can not waive the attorney-client privilege for an opinion from one attorney, and assert that privilege to protect an opinion on the same subject from a different attorney).

32. 940 F.2d 642, 644 (Fed. Cir. 1991) (stating that trial courts should seriously consider the possibility of bifurcating the trial once they have viewed the documents *in camera* to assure that the defendant is faced with the dilemma).



after the trial on liability, if at all.<sup>33</sup> However, district courts have been reluctant to follow *Quantum's* encouragement.<sup>34</sup>

### C. *Scope of the Waiver: The District Courts' Dilemma*

If the defendant asserts the advice-of-counsel defense, the court must often rule on the scope of the resulting waiver. The scope of the attorney-client privilege and/or work product protection waiver produced by asserting the advice-of-counsel defense has been problematic for district courts. Courts' opinions have varied widely. Most opinions fit into one of two broad categories: those that include only documents that were communicated to the client in the waiver or those that include material in the waiver whether it was communicated to the client or not.

Opinions in the first category include only those documents communicated to the client in the waiver.<sup>35</sup> This approach is

33. *See id.* Under this approach, the defendant must submit the opinion letter for *in camera* review by the court to assure that the defendant is actually faced with the dilemma of deciding whether to assert the attorney-client privilege or the advice-of-counsel defense. *See B. Braun Med. Inc. v. Abbott Lab.*, Civ. A. No. 93-3883, 1994 WL 422287, at \*2 (E.D. Pa. July 6, 1994) (requiring the attorney asserting the privilege to submit the documents for *in camera* review and to assert the dilemma posed by each document); *Sage Prods., Inc. v. Devon Indus., Inc.*, CV 93-2403 RG (CTX), 1994 WL 791601, at \*3 (C.D. Cal. Jan. 25, 1994) (concluding after reviewing the documents *in camera* that the litigant faced the dilemma and ordering a separate trial on willfulness).

34. *See* Donald L. Cox, *Opinions of Counsel in Patent Litigation*, in PATENT LITIGATION 1996, at 207, 239-40 (PLI Pat. Litig. Course Handbook Series No. 457, 1996) (asserting that a "considerable majority" of courts have decided the issue by refusing to bifurcate); *see also* *Johns Hopkins Univ. v. Cellpro*, 160 F.R.D. 30, 36-37 (D. Del. 1995) (denying motion to bifurcate because the bifurcation would frustrate the goal stated in Rule 1 of the Federal Rules of Civil Procedure of obtaining "a just, speedy and inexpensive resolution of every action"); *Calmar, Inc. v. Emson Research, Inc.*, 850 F. Supp. 861, 866 (C.D. Cal. 1994) (denying motion to bifurcate because, although the privilege concern may cause problems, the trial would be complicated by the bifurcation); *Dentsply Int'l Inc. v. Kaydex*, No. 93 C 20099, 1994 WL 376276, at \*2 (N.D. Ill. July 11, 1994) (refusing to bifurcate because the Federal Circuit did not say it had to bifurcate, only that it should consider bifurcation); *Spectra-Physics Lasers, Inc. v. Uniphase Corp.*, 144 F.R.D. 99, 101-02 (N.D. Cal. 1992) (denying motion for bifurcation and noting that the party moving for bifurcation had not met its burden because the motion was made too late, and no documents had been submitted for *in camera* inspection to show the *Quantum* dilemma).

35. *See, e.g.,* *Micron Separations, Inc. v. Pall Corp.*, 159 F.R.D. 361, 363-65 (D. Mass. 1995) (requiring production of all documents relating to infringement or validity of the asserted patents seen by the client, but not requiring production of documents relied on by the attorney that were not communicated to the client); *Thorn EMI N. Am., Inc. v. Micron Tech., Inc.*, 837 F. Supp. 616, 622 (D. Del. 1993) (waiving the privilege for all documents relating to the infringement letters that were communicated

founded on the standard for willful infringement. The courts reason that the relevant issue in willful infringement, and thus in the advice-of-counsel defense to willful infringement, is the client's state of mind. If the client's state of mind is the sole issue, then work product material relied on or produced by the attorney but not communicated to the client is irrelevant since it would have no bearing on the client's state of mind.<sup>36</sup>

In the second category, courts have waived the attorney-client privilege and work product protection whether the attorney communicated the material to the client or not.<sup>37</sup> Courts have used two separate justifications to support these rulings. Some have stated that the material is necessary for effective examination of the defendant's advice-of-counsel evidence.<sup>38</sup> Others have stated that the attorney's competence is an issue in the advice-of-counsel defense, and that documents relied on by the attorney shed light on the attorney's competence.<sup>39</sup> Courts that

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to the client); *Abbott Lab. v. Baxter Travenol Lab., Inc.*, 676 F. Supp. 831, 832 (N.D. Ill. 1987) (waiving all documents requested, but only mentioning the attorney-client privilege rather than the work product privilege as well); *Central Soya Co. v. Geo. A. Hormel & Co.*, 581 F. Supp. 51, 54 (W.D. Okla. 1982) (stating that the waiver only extended to the attorney-client privilege, but that included all documents that had been requested in discovery).

36. See, e.g., *Thorn*, 837 F. Supp. at 622 (stating that only documents communicated to the client are waived because the state of mind of the client, not the attorney, is at issue in willful infringement).

37. See, e.g., *Matsushita Elecs. Corp. v. Loral Corp.*, No. 92 Civ. 5461 (SAS), 1995 WL 527640, at \*2 (S.D.N.Y. Sept. 7, 1995) (requiring production of communications and material that the attorney relied on in making the opinion when advice-of-counsel defense to tortious interference with business relations is asserted, where that defendant was accused of tortious interference by bringing frivolous patent infringement actions); *Mushroom Assocs. v. Monterey Mushrooms Inc.*, 24 U.S.P.Q.2d 1767, 1771 (N.D. Cal. 1992) (holding that all documents relating to infringement are discoverable whether communicated to the client or not); *FMT Corp. v. Nissei ASB Co.*, 24 U.S.P.Q.2d 1073, 1075 (N.D. Ga. 1992) (ruling that the privileges on all documents relating to infringement are waived whether communicated to the client or not); *McCormick-Morgan, Inc. v. Teledyne Indus., Inc.*, 765 F. Supp. 611, 613 (N.D. Cal. 1991) (requiring production of all documents supporting or relating to communications dealing with the validity, enforceability and infringement of the asserted patents); *Handgards, Inc. v. Johnson & Johnson*, 413 F. Supp. 926, 928 (N.D. Cal. 1976) (holding that where the advice of counsel is used as a defense to conspiracy for bringing bad faith patent claims, privilege is waived as to communications and as to attorneys' files that were never communicated); see also *Flagel & Turner*, *supra* note 30, at 21 (stating that the privilege should be waived as to documents that were supplied to the attorney and that the attorney relied on).

38. See *Handgards*, 413 F. Supp. at 931.

39. See *Mushroom*, 24 U.S.P.Q.2d at 1771.

fit into the second category, therefore, rule that the subject matter waiver should include material relied on by the attorney.

*D. The Difficulty of Receiving Appellate Review of Waiver Rulings*

The Federal Circuit could settle the dispute between the district courts if it ruled on the scope of the waiver. However, the scope of the waiver arises in discovery proceedings. Under the present system, discovery rulings on privileges are extremely difficult to appeal, since they are not final rulings and, as such, are not appealable until the disposition of the entire action.<sup>40</sup> After the final ruling, the harm has already been done if the court has released the privileged information. Appellate courts grant writs of mandamus only rarely because mandamus requirements are stringent.<sup>41</sup> Interlocutory appeal under 28 U.S.C. § 1292(b) is also a possibility but, it too, is extremely difficult to obtain.<sup>42</sup> Further, discovery orders are not appealable under the *Cohen* collateral order doctrine.<sup>43</sup>

The party asserting the privilege may also avail herself of a risky tactic—she may refuse to produce the material despite the ruling of the district court. She then stands in contempt of court.

40. See 28 U.S.C. § 1291 (1994); see also *Firestone Tire & Rubber Co. v. Risjord*, 449 U.S. 368, 377 (1981) (stating that interlocutory appeals from discovery orders are not allowed because in cases where appeal after the final order will not cure an error, the litigant may stand in contempt and appeal the contempt ruling).

41. See *Kerr v. United States Dist. Court*, 426 U.S. 394, 402 (1976). Mandamus is granted only in extraordinary circumstances that amount to an usurpation of power by the district court. The party seeking a writ of mandamus must show that there is no other adequate means to attain the desired relief, and that it is clear and indisputable that they are entitled to the writ. Further, even if they make the required showing, the issuance of the writ is discretionary with the court of appeals. See *id.* at 403.

42. To appeal under § 1292(b), the litigant must first obtain the consent of the trial judge by showing that the appeal involves a controlling question of law, that there is substantial ground for differences of opinion, and that appeal from the order may materially advance the litigation. Further, the appellate court has discretion to grant or deny the request for appeal. See 28 U.S.C. § 1292(b) (1994).

43. Under the *Cohen* doctrine, *Cohen v. Beneficial Indus. Loan Corp.*, 337 U.S. 541, 546 (1949), the litigant may appeal an interlocutory order if the appeal will conclusively determine the question and the issue is important, separate from the merits of the action and not reviewable on final judgment. See *Coopers & Lybrand v. Livesay*, 437 U.S. 463, 468 (1978). Discovery orders have been deemed reviewable on final judgment. According to the Supreme Court, the orders that are not reviewable on final judgment may be appealed by standing in contempt and appealing the contempt ruling. See *Firestone*, 449 U.S. at 377.

The contempt ruling is final and therefore immediately appealable.<sup>44</sup> However, while awaiting appeal, and after the appeal if they receive an adverse ruling, the attorney and/or the client may spend time in jail for being in contempt of court—a risk most attorneys and litigants are unwilling to accept in an uncertain area of law. Clearly, the current state of the law is not sufficiently stable or certain; this Comment seeks to remedy this problem in the next section.

### III. ANALYSIS

This section will first discuss the policies supporting the attorney-client privilege, the work product protection, and the waiver of those privileges by asserting the advice-of-counsel defense to willful infringement. It will then balance those competing interests in light of the Federal Circuit standard for willful infringement.

#### *A. Policies Supporting Privileges and Waiver of Those Privileges*

##### *1. Attorney-client privilege*

The common law attorney-client privilege protects communications between the attorney and the client.<sup>45</sup> In *Upjohn Co. v. United States*, the Supreme Court explained that the purpose of the attorney-client privilege “is to encourage full and frank communication between attorneys and their clients.”<sup>46</sup> Two broad assumptions, or justifications underlie the attorney-client privilege. First, allowing communications from a client to an attorney to be privileged is important because the client must disclose all relevant information to enable the attorney to effectively represent that client or give adequate legal advice.<sup>47</sup> This justification assumes that many clients would not communicate all relevant information to the attorney if adverse parties could use it against them in subsequent litigation. Second, allowing communications from an attorney to a client to be privileged assumes that an attorney must be able to openly communicate legal ad-

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44. See *Firestone*, 449 U.S. at 377.

45. See *Upjohn Co. v. United States*, 449 U.S. 383, 389 (1981).

46. *Id.*

47. See *id.*; *Trammel v. United States*, 445 U.S. 40, 51 (1980).

vice and strategies to the client in order to adequately represent that client, and that attorneys would not make many such communications if adverse litigants might discover them in subsequent litigation.<sup>48</sup> Realizing that these communications are necessary for adequate legal representation, the attorney-client privilege further "recognizes that sound legal advice or advocacy serves public ends."<sup>49</sup>

## 2. *Work product doctrine*

The Supreme Court in *Hickman v. Taylor*<sup>50</sup> explained the common law work product doctrine.<sup>51</sup> This doctrine protects documents and tangible objects prepared by or for an attorney in anticipation of litigation.<sup>52</sup> The discovery provisions of the Federal Rules of Civil Procedure codified the doctrine, as set forth in *Hickman*, so that it now stands as a procedural block to discovery.<sup>53</sup> However, unlike the attorney-client privilege, the work product doctrine is not an absolute block to discovery. Litigants may discover work product material by showing that they have a substantial need for the materials and that they would otherwise be unable, without undue hardship, to obtain the materials or their equivalents.<sup>54</sup> Typically, showing that the materials are admissible or that they would lead to admissible evidence satisfies the substantial need requirement.<sup>55</sup> However, even when a court allows litigants to discover work product material, the court must protect against disclosure of "the mental impressions, conclusions, opinions, or legal theories of an attorney or other representative of a party concerning the litigation."<sup>56</sup>

48. See *Upjohn*, 449 U.S. at 389.

49. *Id.*

50. 329 U.S. 495 (1947).

51. *Id.* at 511 (setting forth the work product doctrine, but not citing the Federal Rules or statutes for support).

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

53. See *id.*; see also FED. R. CIV. P. 26(b)(3) advisory committee's note (endorsing *Hickman's* reasoning).

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

55. See *Hickman*, 329 U.S. at 511 (stating that one requirement for discovery of work product material is that the material be admissible or that it gives clues as to the location of admissible material).

56. FED. R. CIV. P. 26(b)(3). This prohibition was also present in *Hickman*, where the court did not allow an attorney's notes about interviews to be discovered, even though the requisite need and hardship had been shown, because the notes would have revealed the attorney's opinions. The court reasoned that such material required extra

In *Hickman*, the Supreme Court listed several adverse effects of allowing discovery of work product without meeting the requirements discussed above. The Court noted the first such adverse effect by stating that "much of what is now put down in writing would remain unwritten" if the work product protection did not exist.<sup>57</sup> It follows that attorneys, who now have extensive notes and research available when representing clients, would not have such documentation. Therefore, attorneys would be less prepared to represent their clients, knowing that adverse parties could use such preparations against them.

Moreover, the Court described a second adverse effect: "An attorney's thoughts, heretofore inviolate, would not be his own."<sup>58</sup> The judicial system is built on the premise that truth will be found through the adversarial process. When the adverse party knows an attorney's thoughts, the adversarial process breaks down because such an attorney is at a severe disadvantage. As a result, cases would be decided in favor of the party who discovered the other's thoughts, rather than on the facts.

Third, the Court stated that "inefficiency" would result from the discovery of work product material.<sup>59</sup> This is true because litigants would attempt to discover the thoughts of the opposing counsel, rather than attempt to discover material that would build their own case. Thus, the litigants and the court would waste their efforts dealing with matters other than the substantive points of the case.

Fourth, allowing opposing litigants to discover their opponents' work product would result in "unfairness."<sup>60</sup> Allowing one side to commandeer an opponent's trial preparation materials is unfair to the opponent and her attorney. A court's act of allowing such discovery is akin to a referee in a sporting event requiring one coach to give the other her playbook at the start of the game. The resulting contest would not be fair.

The ultimate result of these adverse effects would be attorneys and parties using all possible means to prevent the court from compelling them to reveal their strategies to opposing par-

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protection. See *Hickman*, 329 U.S. at 511. This type of work product is commonly known as opinion work product.

57. *Hickman*, 329 U.S. at 511.

58. *Id.*

59. *See id.*

60. *See id.*

ties. The Court in *Hickman* asserted that "sharp practices would inevitably develop,"<sup>61</sup> as the litigants attempted to keep adversaries from commandeering their trial preparation. The *Hickman* Court also declared that the effect on the legal profession of banishing the work product privilege "would be demoralizing."<sup>62</sup> The *Hickman* Court further explained that these results are even more likely if courts allow discovery of opinion, rather than non-opinion work product.<sup>63</sup>

### 3. *Waiver of privileges by asserting the advice-of-counsel defense*

Although the *Hickman* Court did not allow discovery of work product material, it did recognize that "the deposition-discovery rules are to be accorded a broad and liberal treatment."<sup>64</sup> Thus, courts should allow discovery of items that are admissible evidence or are likely to lead to admissible evidence.<sup>65</sup> Such broad and liberal treatment in the discovery process furthers the purpose of the federal rules, which is to attain a "just, speedy, and inexpensive determination of every action."<sup>66</sup>

Yet, the efficiency-related reasons for discovery are not sufficient to justify discovery of privileged material or opinion work product.<sup>67</sup> Courts have recognized that it would be unfair to allow a litigant to rely on a favorable communication from counsel in asserting its advice-of-counsel defense to willful infringement without allowing the opposing counsel the opportunity to discover other materials on the same subject.<sup>68</sup>

This principle of fairness is particularly applicable in the situation where the defendant has received several unfavorable opinions from counsel and only one favorable one. In that situa-

61. *Id.*

62. *Id.*

63. *See id.* at 513.

64. *Id.* at 507.

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

66. FED. R. CIV. P. 1.

67. *See* FED. R. CIV. P. 26(b)(1), (3).

68. *See* *Applied Telematics, Inc. v. Sprint Corp.*, Civ. A. No. 94 CV 4603, 1995 WL 567436, at \*3 (E.D. Pa. Sept. 21, 1995) (stating that the principal criterion in determining the scope of the waiver is fairness to the litigants); *Saint-Gobain/Norton Indus. Ceramics Corp. v. General Elec. Co.*, 884 F. Supp. 31, 33 (D. Mass. 1995) (stating that fairness supports the waiver of attorney-client privilege by asserting the advice-of-counsel defense); *Central Soya Co. v. Geo. A. Hormel & Co.*, 581 F. Supp. 51, 53 (W.D. Okla. 1982) (stating that the underlying reason for the waiver is fairness).

tion, allowing the defendant to use the one favorable communication in the litigation, while protecting the other communications from discovery, would be unfair. However, the fairness rationale also applies, though it is less obvious, in the situation where materials exist that could be construed for or against the defendant on the point of willfulness. In such a situation, fairness entitles the plaintiff to obtain material that she may construe to help establish willfulness.<sup>69</sup>

*B. Balancing the Competing Policies in the Advice-of-Counsel Waiver*

In balancing the competing interests used to determine the scope of the waiver associated with the advice-of-counsel defense to willful infringement, most courts have agreed that the efficiency-related concerns that support a broad reading of the discovery rules must give way to privileges, but that privileges must give way to the fairness rationale.<sup>70</sup> Thus, in determining the scope, the requisite question is how much must the attorney-client privilege give way to fairness considerations. When fairness to the plaintiff does not require the court to allow the plaintiff to discover the material, the policy considerations that support the work product doctrine or the attorney-client privilege should override the considerations that support discovery.

*1. Relationship between the scope of the waiver and the willful infringement standard*

Based on the above considerations, we must determine how far the fairness considerations extend when the defendant asserts the advice-of-counsel defense. On this point, we need to look to the standard of willful infringement.<sup>71</sup> Denying the plaintiff access to privileged material that is necessary to determine whether the defendant has willfully infringed is unfair. How-

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69. Here, we are dealing with the meaning of "adverse." Several courts have stated that it would be unfair to allow the defendant to assert the advice-of-counsel defense and still conceal opinions related to willfulness that are adverse to her. *See Saint-Gobain*, 884 F. Supp. at 33; *Central Soya*, 581 F. Supp. at 53. However, as with much of the evidence that is admitted into court, whether many documents are adverse to a particular party depends on how they are presented.

70. *See, e.g., Saint-Gobain*, 884 F. Supp. at 33; *Central Soya*, 581 F. Supp. at 53.

71. *See Steelcase Inc. v. Haworth, Inc.*, 954 F. Supp. 1195, 1199-1200 (W.D. Mich. 1997).



ever, this leaves courts to distinguish between necessary and unnecessary material.

Most courts have agreed that material is necessary if it is admissible evidence relevant to the determination of willful infringement.<sup>72</sup> Under a normal analysis, this includes material communicated to the client. However, in a recent decision, a federal district court deviated from the normal analysis by allowing discovery of material that the attorney did not communicate to the client because that material might have led to evidence that was relevant to willful infringement.<sup>73</sup> Under this approach, any documents possessed by the attorney that relate to infringement or invalidity of the patent and any documents that refer to communications that may be relevant to the determination are discoverable.<sup>74</sup> Allowing discovery of information possessed by counsel, but never communicated to the client initially seems consistent with the Federal Rules of Civil Procedure because it "appears reasonably calculated to lead to the discovery of admissible evidence," although the information itself is not admissible.<sup>75</sup> However, the same federal rule that allows discovery of such material only extends to material that is "not privileged."<sup>76</sup>

Thus, we must go back to the fairness analysis to determine whether allowing discovery of documents otherwise protected by the work product doctrine that do not directly relate to willful infringement but may lead to documents that do is fair. The

72. See, e.g., *Micron Separations, Inc. v. Pall Corp.*, 159 F.R.D. 361, 365 (D. Mass. 1995) (stating that all documents seen by the client relating to infringement are discoverable); *Mushroom Assocs. v. Monterey Mushrooms Inc.*, 24 U.S.P.Q.2d 1767, 1771 (N.D. Cal. 1992) (stating that all documents relating to infringement are waived); *FMT Corp. v. Nissei ASB Co.*, 24 U.S.P.Q.2d 1073, 1075 (N.D. Ga. 1992) (stating that all documents relating to infringement are waived); *Haglund v. Dow Chem. Co.*, 218 U.S.P.Q. 55, 57-58 (E.D. Cal. 1982) (stating that the waiver extends to privileged documents relating to the plaintiff's state of mind).

73. See *Electro Scientific Indus., Inc. v. General Scanning, Inc.*, No. C-96-4628 SBA (WDB), 1997 U.S. Dist. LEXIS 14266, at \*23 (N.D. Cal. Sept. 18, 1997) (stating that documents in the possession of the attorney that have never been communicated to the client are discoverable since the defendant may not be revealing all communications, and there may be documents in the attorney's files that lead to communications that would be admissible).

74. See *id.* at \*21-\*27 (allowing discovery of documents in the possession of the attorney, whether or not they were communicated to the client because such documents may lead to discoverable information).

75. FED. R. CIV. P. 26(b)(1).

76. *Id.*

court in *Electro Scientific*<sup>77</sup> allowed the opposing party's outside counsel, but not the opposing party itself, to view documents that might lead to admissible evidence. The court stated that its decision would not hamper the policies that underlie the work product doctrine because the opposing party itself could not see the documents.<sup>78</sup> In support of this assertion, the court noted that the attorneys would still be motivated to prepare for trial because they have pride in their work and because they fear malpractice suits.<sup>79</sup>

The court's supporting argument is insufficient to overcome the policies of the work product doctrine. If the attorneys are motivated not to write down their thoughts and analysis while preparing to issue an infringement opinion letter to the client, the adverse effects of allowing discovery of work product material enumerated in *Hickman* are present.<sup>80</sup> That motivation stems from a fear that the opposition, whether she is an opposing party or counsel for the opposing party, will have access to the attorney's thoughts and preparation in subsequent litigation. It is true that attorneys will attempt to adequately prepare opinion letters with an eye toward litigation. However, they cannot adequately prepare if they avoid writing down their thoughts and analysis because they fear the adverse party's counsel may discover such documentation in subsequent litigation. Further, if the documents do not relate directly to the determination of willful infringement, then the need for the plaintiff to view the documents is minimal. Therefore, the balance does not favor allowing discovery of the material, absent a direct relation to the issue of willful infringement.

## 2. *The willful infringement standard*

To ascertain the scope of the waiver, we must determine what documents relate directly to the issue of willful infringement. Such documents should be discoverable, but the attorney-client privilege or the work product protection should cover doc-

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77. *Electro Scientific Indus., Inc. v. General Scanning, Inc.*, No. C-96-4628 SBA (WDB), 1997 U.S. Dist. LEXIS 14266, at \*23 (N.D. Cal. Sept. 18, 1997).

78. *Id.* at \*24 (stating that the court's decision would not do serious harm to the considerations of the work product doctrine).

79. *See id.*

80. *See Hickman v. Taylor*, 329 U.S. 495, 511 (1947); *see also* discussion *supra* Part III.A.2.

uments that do not relate directly to willful infringement if the documents meet the requirements for such protection. This determination seems simple, but inconsistent Federal Circuit opinions complicate the task of ascertaining which documents relate directly to the issue of the willful infringement.<sup>81</sup>

The Federal Circuit opinions on willful infringement standards are split into two categories—those that use an objective standard for willful infringement,<sup>82</sup> and those that use a subjective standard.<sup>83</sup> Most of the opinions use one of the two main categories exclusively, but some opinions contain language pointing to both.<sup>84</sup> This section will discuss the objective and subjective standards and the interpretation of the standards by district courts.

*a. The objective willful infringement standard.* Under the objective willful infringement standard, the Federal Circuit has stated the relevant determination is “whether, under all the circumstances, a reasonable person would prudently conduct himself with any confidence that a court might hold the patent invalid or not infringed.”<sup>85</sup> However, *Black’s Law Dictionary* defines “willful” in the context of civil suits as “intentional, or knowing, or voluntary, as distinguished from accidental.”<sup>86</sup> Thus, the Federal Circuit, when using this standard, is not actually using a standard of *willful* infringement, but a standard of *unreasonable* infringement.

In determining willfulness under the objective standard, the defendant’s state of mind is not dispositive.<sup>87</sup> Instead, under an objective standard, courts compare the conduct of the defendant with the conduct of a reasonably prudent person in the same circumstances. Thus, if a reasonably prudent person would real-

81. One commentator, after a brief discussion of some of the Federal Circuit cases on willful infringement, stated: “Where the Court stands on this issue today is anybody’s guess.” See Cox, *supra* note 34, at 227.

82. See discussion *infra* part III.B.2.a.

83. See discussion *infra* part III.B.2.b.

84. See, e.g., *Ortho Pharm. Corp. v. Smith*, 959 F.2d 936, 944 (Fed. Cir. 1992) (stating initially that willful infringement “is by definition a question of intent,” but later discussing whether the potential infringer “reasonably relied” on the advice of counsel).

85. *State Indus., Inc. v. Mor-Flo Indus., Inc.*, 883 F.2d 1573, 1581 (Fed. Cir. 1989) (quoting *Ryco, Inc. v. Ag-Bag Corp.*, 857 F.2d 1418, 1428 (Fed. Cir. 1988)).

86. BLACK’S LAW DICTIONARY 1600 (6th ed. 1990).

87. See *State Indus.*, 883 F.2d at 1581 (stating that “[a]ctual knowledge is not required”).

ize she was infringing the patent and would stop making, using, selling, offering for sale, or importing the invention, while the defendant continued such activities, the defendant has willfully infringed the patent. Under this standard the plaintiff does not have to undertake the burdensome task of proving that the defendant knew she was infringing the patent. Instead, the plaintiff must show only that the defendant's conduct deviated from that of a reasonably prudent person.<sup>88</sup>

A good faith belief of noninfringement is not a defense under the objective standard. Rather, the defendant must show that she reasonably relied on advice of counsel in forming a belief that she was not infringing.<sup>89</sup> In proving this reasonable belief of noninfringement, the defendant must show: first that she actually believed she was not infringing and second that a reasonably prudent person in the defendant's position would share that belief.

The Federal Circuit, when applying the objective standard, has noted various factors that tend to make belief of noninfringement, based on advice of counsel, reasonable. For example, in *Ortho Pharmaceutical Corp. v. Smith*<sup>90</sup> the court noted several characteristics of an opinion letter that tended to show reliance on that letter was reasonable. The court noted "the letter's overall tone, its discussion of case law, its analysis of the particular facts, and its reference to inequitable conduct" were all factors in determining whether the defendant's reliance on the advice-of-counsel letter was reasonable.<sup>91</sup> Additionally, in *Underwater Devices Inc. v. Morrison-Knudsen Co.*,<sup>92</sup> the court noted factors outside the four corners of the letter that entered the reasonableness determination. The court, in holding that the defendant's reliance was not reasonable, noted that the attorney issuing the letter was in-house counsel for the defendant, the attorney was not a patent attorney, and the attorney did not order file histories of the patents before issuing a noninfringement opinion.<sup>93</sup> Under the objective willful infringe-

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88. *See id.*

89. *See Westvaco Corp. v. International Paper Co.*, 991 F.2d 735, 743-44 (Fed. Cir. 1993).

90. 959 F.2d 936, 945 (Fed. Cir. 1992).

91. *Id.*

92. 717 F.2d 1380, 1390 (Fed. Cir. 1983).

93. *See id.* In considering evidence that the attorney did not order the file histories, the court seems to be considering evidence not communicated to the

ment standard a court should weigh all these factors in determining whether, in reliance on the advice of counsel, the defendant formed a reasonable belief that she did not infringe the patent.<sup>94</sup>

b. *The subjective willful infringement standard.* On its face, willful infringement appears to be a subjective standard, requiring the fact finder to determine the defendant's state of mind.<sup>95</sup> Courts have stated that willfulness is acting in "wanton disregard of the patentee's patent rights."<sup>96</sup> Such a standard of proof is more demanding on the plaintiff than a reasonableness standard.<sup>97</sup>

The subjective determination has only one issue: the state of the defendant's mind at the time of the infringement. However, evidence that tends to show the defendant's infringement was unreasonable makes the defendant's testimony that she did not knowingly infringe the patent less believable. In *Graco, Inc. v. Binks Manufacturing Co.*,<sup>98</sup> the court stated that willfulness is a finding of fact where the trier weighs all the evidence to determine the defendant's state of mind. In order for the defendant to succeed on an advice-of-counsel defense, the defendant must simply show that she held an actual good faith belief, based on the counsel's opinion, that she was not infringing the patent or that the patent was invalid.<sup>99</sup> However, the reasonableness of the defendant, although not directly in issue, is one factor in determining the defendant's state of mind.<sup>100</sup> Thus, the defendant's reasonableness would be relevant to a material issue, and

defendant. However, since the attorney was in-house counsel for the defendant, the defendant presumably would have known that the file histories were not ordered. Further, the lack of prosecution history information in the opinion letter would probably have revealed that the attorney did not order the file histories.

94. *See State Indus.*, 883 F.2d at 1581 (stating that in making the reasonableness determination, the court should consider all the circumstances).

95. *See Ortho*, 959 F.2d at 944.

96. *Graco, Inc. v. Binks Mfg. Co.*, 60 F.3d 785, 794 (Fed. Cir. 1995).

97. *See id.*

98. *Id.* at 792.

99. *See Mahurkar v. C.R. Bard, Inc.*, 79 F.3d 1572, 1579 (Fed. Cir. 1996) (stating that a good faith belief of noninfringement constitutes a defense to willful infringement); *L.A. Gear, Inc. v. Thom McAn Shoe Co.*, 988 F.2d 1117, 1127 (Fed. Cir. 1993) (stating that the defense was not sufficient since the "accused infringer presented no probative evidence of a good faith belief in non-infringement [sic]"); *Read Corp. v. Portec, Inc.*, 970 F.2d 816, 880 (Fed. Cir. 1992) (stating that a good faith belief of noninfringement constitutes a defense to willful infringement).

100. *See Graco*, 60 F.3d at 793.

admissible in court absent another reason for not allowing it.<sup>101</sup> Therefore, the factors under the objective standard discussed earlier would also be relevant under the subjective standard.

### 3. *Confusion among district courts*

Some district courts have waded through these Federal Circuit opinions and concluded that the attorney's state of mind is relevant to the willfulness determination.<sup>102</sup> However, under both the objective and the subjective standards described above, material known to the attorney, but not to the client is irrelevant.<sup>103</sup> Some language in the Federal Circuit opinions does seem to allow courts to conclude that material known to the attorney, but not to the client is part of the willful infringement determination. One particularly confusing opinion that could be construed as allowing such a standard is *Read Corp. v. Portec, Inc.*<sup>104</sup> In *Read*, the court began by describing the subjective standard.<sup>105</sup> It then stated that an advice-of-counsel defense would fail if the advice were incompetent.<sup>106</sup> If the reader takes this statement at face value without reading the entire opinion, she would believe that evidence of documents relied on by counsel, but not communicated to the client would be admissible to show that the attorney was incompetent. However, the court later stated that the plaintiff must show that the letter would alert the client to the attorney's incompetence.<sup>107</sup> Therefore, the incompetence standard is only met if the letter appears incompetent to the client. Evidence of documents relied on by counsel,

101. See FED. R. EVID. 402.

102. See, e.g., *Mushroom Assocs. v. Monterey Mushrooms Inc.*, 24 U.S.P.Q.2d 1767, 1771 (N.D. Cal. 1992) (extending waiver to documents relied on by counsel, but not communicated to the client because the court felt that such documents were relevant and necessary for the determination of willful infringement).

103. Under the subjective standard, the focus is on the client's state of mind—material relied on by the attorney is irrelevant to this state of mind if it has not been communicated to the client. Under the objective standard, the fact finder must determine whether a reasonably prudent person would act as the defendant did under the same circumstances—material relied on by the attorney, but not communicated to the client would not be known to the reasonably prudent person in the position of the client, so they are not part of the relevant circumstances of the reasonably prudent person, and are thus irrelevant.

104. 970 F.2d at 830.

105. See *id.* at 826, 830.

106. See *id.* at 826.

107. See *id.* at 829.

but not communicated to the client would be irrelevant to such a determination.

Although the Federal Circuit opinions do not consistently use the objective, or the subjective standard, neither standard allows consideration of material that the attorney never communicated to the client. However, the confusing Federal Circuit opinions have allowed persuasive litigants to lead the district courts on paths that no Federal Circuit authority supports. This confusion has resulted in several district courts including evidence in the advice-of-counsel waiver that the attorney never communicated to the client because the courts believed that such evidence was directly relevant to the determination of willful infringement.<sup>108</sup>

#### 4. *The Steelcase opinion: An example of correct balancing*

A careful examination and balancing of the policies behind the work product doctrine, the attorney-client privilege, and the advice-of-counsel waiver reveal that the waiver should not be as broad as some courts have held. Rather, courts should confine the waiver to documents that are directly relevant to the defendant's state of mind. A good example of a court properly confining the scope of the waiver is *Steelcase, Inc. v. Haworth, Inc.*,<sup>109</sup> where the defendant argued that the waiver should be limited to those documents that its attorneys communicated to her. However, the plaintiff argued that the waiver should extend to all documents relied on by the attorney issuing the infringement opinion.<sup>110</sup> The district court ruled that the waiver did not extend to any documents the attorney did not communicate to the client, but it did extend to communications between the attorney and the client relating to willful infringement.<sup>111</sup>

The court noted that Federal Circuit law controlled its decision since this was an issue unique to patent law. However, the Federal Circuit had not ruled on the scope of the advice-of-coun-

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108. See *Steelcase Inc. v. Haworth, Inc.*, 954 F. Supp. 1195, 1197 (W.D. Mich. 1997) (noting that several cases have been founded on faulty standards for willful infringement which led them to allow discovery of material that had not been communicated to the client).

109. *Id.*

110. See *id.*

111. See *id.* at 1200.

sel waiver.<sup>112</sup> The court then reasoned that the waiver should be broad enough to cover the issues relevant to the advice-of-counsel defense, but no broader.<sup>113</sup> Since the Federal Circuit had ruled on the standard for willful infringement several times, the court went to Federal Circuit opinions to detect the relevant issues. In doing so, the court observed that its inquiry must focus primarily on the opinion letter itself.<sup>114</sup> However, the legal correctness of the opinion letter is irrelevant because "the infringer's intent, not that of counsel, is the relevant issue."<sup>115</sup> Thus, the court reasoned that the scope of the waiver should be broad enough to include evidence relevant to the infringer's state of mind, but narrow enough to exclude evidence that covers only the attorney's state of mind.<sup>116</sup>

In applying this general rule to the facts of the case, the court concluded that the waiver should only extend to documents communicated between the defendant and its attorney. Thus, the court excluded from the waiver documents relied on by the attorney, or communicated between the attorney and third parties, but not communicated to the client.<sup>117</sup>

### C. *The Need For Certainty in the Scope of Privileges*

The varying district court rulings on the scope of the advice-of-counsel waiver of the attorney-client privilege and the work product protection inevitably result in uncertainty for patent attorneys when preparing infringement opinions. When preparing opinions, the attorneys are unsure whether opposing parties will discover their preparatory material in subsequent litigation. In a passage that applies to the work product doctrine and the attorney-client privilege, the Supreme Court in *Upjohn* stated, "the attorney and client must be able to predict with some degree of certainty whether particular discussions will be protected. An uncertain privilege, or one which purports to be certain but results in widely varying applications by the courts, is little better than no privilege at all."<sup>118</sup> Therefore, if the courts

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112. See *id.* at 1198.

113. See *id.*

114. See *id.*

115. *Id.*

116. See *id.* at 1199.

117. See *id.* at 1199-1200.

118. 449 U.S. 383, 393 (1981).



value the policies advanced by the attorney-client privilege and the work product doctrine, they must increase the certainty with which attorneys can predict whether their work product and communications to and from their clients will be protected during subsequent litigation. If the uncertainty remains, patent attorneys and their clients will be forced to assume that such communications will be discovered, essentially eliminating the privilege.

#### IV. RECOMMENDATIONS

##### A. *The Federal Circuit*

The Federal Circuit Court could alleviate the uncertainty surrounding the advice-of-counsel waiver if it ruled on the waiver's scope. However, the scope of the waiver arises in discovery proceedings, which are extremely difficult to appeal, so it is unlikely that the court will rule on the issue.<sup>119</sup> Yet, the Federal Circuit Court does rule quite regularly on the standard for willful infringement. And, as previously discussed, confusion regarding the scope of the waiver stems from confusion regarding the willful infringement standard. Thus, as a step toward clarifying the waiver issues focused on in this Comment, the Federal Circuit should clear up the confusion that currently exists on the standard for willful infringement. If the differences in its opinions exist because of differences between the judges on the court, it should rule on the standard en banc.<sup>120</sup> In ruling, the Federal Circuit should adopt the subjective standard because consistency between the term "willful infringement" and the actual willful infringement standard will promote certainty. This ruling will eliminate the confusion regarding extension of the waiver to material not communicated to the client, since the express adoption of the subjective standard will necessarily eliminate the possibility that the thoughts of attorneys are relevant to the determination of willful infringement.

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119. See discussion *supra* Part II.D.

120. Although it is unclear why the differences in the standard exist within the court, this seems the most likely explanation.

### B. *The District Courts*

Meanwhile, district courts should follow *Steelcase's* lead by extending the waiver to allow discovery of all relevant documents communicated to the client, but disallowing discovery of material not communicated to the client. The fairness rationale that supports the advice-of-counsel waiver extends to material that is directly relevant to the willful infringement determination.<sup>121</sup> However, material not communicated to the client is irrelevant to the determination, whether a court adopts the objective or the subjective standard for willful infringement.<sup>122</sup> Thus, if the defendant asserts the advice-of-counsel defense, waiving the privileges that would otherwise cover materials on the same subject, fairness dictates that all communications between the attorney and client that relate to the issue of willful infringement are discoverable. However, materials relied on by the attorney, but not communicated to the client should not be discoverable because of the policy considerations of the work product doctrine. If courts consistently allowed discovery of these materials without a sufficient justification such as the fairness rationale, the adverse effects discussed in *Hickman* would thwart the adversarial process.<sup>123</sup> *Steelcase* reached the correct balance between the policy considerations underlying the work product doctrine and the attorney-client privilege, and the considerations underlying the advice-of-counsel waiver. District courts should follow its lead.

### V. CONCLUSION

If district courts consistently follow the *Steelcase* line of reasoning, and if the Federal Circuit clarifies the standard for willful infringement, they can bring consistency to the scope of the waiver resulting under the advice-of-counsel defense to willful infringement. This certainty will restore meaning to the attorney-client privilege and the work product doctrine for attorneys issuing infringement opinions and for their clients.

*Jared S. Goff*

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121. See discussion *supra* Part III.A.3.

122. See discussion *supra* Part III.B.2.

123. See discussion *supra* Part III.A.2.

