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Article

**WASTING RESOURCES: REINVENTING THE SCOPE OF WAIVER RESULTING FROM THE  
ADVICE-OF-COUNSEL DEFENSE TO A CHARGE OF WILLFUL PATENT INFRINGEMENT**

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### **\*320 I. Introduction**

Patent infringement cases may be the very definition of “high-stakes litigation.” Findings of patent infringement almost always result in the issuance of permanent injunctions, and damage awards sometimes reach into the hundreds of millions of dollars. It should not then be surprising that patent cases are also some of the most expensive to litigate. If these remedies and the high cost of patent litigation are not enough to deter would-be infringers, judges also have discretion to award treble damages and attorney’s fees in patent cases. One situation in which judges may exercise this discretion is when infringement is found to be willful. Resolution of this willfulness issue therefore becomes extremely important in patent cases.

One way for an alleged willful infringer to rebut an allegation of willfulness is to introduce an opinion of counsel. An opinion of counsel evidences the alleged willful infringer’s good faith effort to investigate the validity, enforceability, and infringement of the patent at issue after receiving notice of potential infringement. Obviously, however, while the opinion of counsel may conclude that invalidity, unenforceability, or non-infringement enabled the party to legally continue the allegedly infringing act, the court could determine that infringement of a valid and enforceable patent had occurred.

The issue becomes defining the scope of waiver of attorney-client privilege and work-product immunity that results when the advice-of-counsel defense is asserted in response to an allegation of willful infringement. District courts have been pondering this issue for two decades, and they have yet to come to any agreement. The courts initially split into two distinct camps. One argued that waiver extends only to communications between the client and opinion counsel. The other **\*321** extended the waiver to include non-communicated work-product. Only recently a compromise position developed. It would extend the waiver to include non-communicated fact work product only. The Federal Circuit, for its part, has yet to weigh in on the issue or to signal which, if any, of these three approaches the court would adopt.

This article hypothesizes that the various scopes of waiver adopted by courts reflect various levels of confidence in the ethical and professional responsibility of opinion writers. This article also comes to the conclusion that whatever the appropriate scope of waiver should be, the Federal Circuit should finally act to announce that scope. To do so, the Federal Circuit should assert some form--any form--of appellate jurisdiction.

This article is organized into three parts. The first presents the background and history of willful patent infringement, the advice-of-counsel defense, and the attorney-client and the work-product doctrines. The second part examines the various approaches to the scope of waiver and identifies the recent development of a third approach. Finally, the third part recognizes the uncertainty in this area of the law, identifies the underlying cause of the uncertainty, and analyzes methods of obtaining

appellate review so that the Federal Circuit can settle the issue or at least provide district courts with more direction in the exercise of their discretion.

## **II. The Context: Willful Patent Infringement, the Advice-of-Counsel Defense, and Exclusionary Rules**

### **A. Willful patent infringement**

#### **1. Significance**

Trial judges have statutory authority to enhance damages<sup>1</sup> and award attorney's fees<sup>2</sup> in patent infringement cases. Although no statute specifically identifies the circumstances in which this discretion may be exercised, the Federal Circuit approves such awards when infringement is found to be willful.<sup>3</sup>

Willfulness is a significant issue in patent litigation due to its potential impact on the size of damage awards. Compensatory damages in patent cases often amount to more than ten million dollars and sometimes rise into the hundreds of \*322 millions of dollars.<sup>4</sup> Willfulness raises the specter that these already sizable compensatory damage awards may be trebled if the judge invokes the maximum allowable enhancement under the statute.<sup>5</sup> Additionally, the cost of bringing a patent infringement case, let alone defending one, is also substantial.<sup>6</sup> Thus, the threat of shifting attorney's fees only adds credence to the importance of willfulness in patent infringement cases.

Compounding the significance of willfulness determinations, trial court decisions on willfulness are somewhat immune from review. As a question of fact, willfulness is subject to the clearly erroneous standard of review.<sup>7</sup> The Federal Circuit has dictated that reversal of a finding of willful infringement will only occur when "the reviewing court has a definite and firm conviction that the trier of fact erred."<sup>8</sup> Willfulness is therefore not only significant in patent litigation, but it is particularly significant at the trial level because these decisions should rarely be overturned.<sup>9</sup>

**\*323** Due to the potential impact on damages and the lenient standard of review, it is unsurprising that almost every patent infringement complaint includes an allegation of willfulness<sup>10</sup> and that the issue of willfulness is hotly contested at trial.

#### **2. Relationship to enhanced damages<sup>11</sup>**

The law of enhanced damages evolved over time. First, the amount of discretion vested in trial courts has changed. The Patent Act of 1793 required judges to award enhanced damages.<sup>12</sup> However, with the passage of the Patent Act of 1836, enhanced damages became discretionary,<sup>13</sup> and in 1853 the Supreme Court ruled that the individual merits of each case should be considered before a judge awards enhanced damages.<sup>14</sup> Current law continues to treat enhanced damages as discretionary.<sup>15</sup> Second, the size of enhanced damage awards has changed. The Patent Act of 1793 required at least treble damages;<sup>16</sup> however, patent statutes since 1836 have capped enhanced damage awards between two to three times the compensatory damage award.<sup>17</sup>

Current law dictates that a two-step process must be followed before a judge may enhance damages: "First, the fact-finder must determine whether an infringer is guilty of conduct upon which increased damages may be based. If so, the court then determines . . . whether, and to what extent, to increase the damages award . . . \*324."<sup>18</sup> As to the first question, increased damages may be based upon willful patent infringement.<sup>19</sup> The determination of willfulness must be made in view of the totality of the circumstances, and it must be proven by clear and convincing evidence.<sup>20</sup>

It is unclear, however, whether this first inquiry should be subjective, objective, or both. On the one hand, the Federal Circuit has stated that the question of willfulness is "by definition a question of the actor's intent"<sup>21</sup> and requires "a determination as to a state of mind."<sup>22</sup> With this language, the Federal Circuit frames the issue as a subjective inquiry into the state of mind of the infringer at the time of the infringement. On the other hand, the Federal Circuit has also stated that the issue is "whether a prudent person would have had sound reason to believe that the patent was not infringed or was invalid or unenforceable."<sup>23</sup> In this light, the issue becomes an objective inquiry into the reasonableness of the infringer's actions at the time of infringement.<sup>24</sup> The Federal Circuit has not resolved the issue, although some opinion language suggests that both the subjective and objective approaches are appropriate.<sup>25</sup>

Once a finding of willfulness is made using either form of inquiry by the trier of fact, the second step is for the court to use its discretion to determine whether and to what extent to increase damages based on the totality of circumstances.<sup>26</sup> The Federal Circuit has compiled a list of factors appropriate for trial courts to consider when deciding whether punitive damages are appropriate.<sup>27</sup> This same list is \*325 used to determine the proper extent of punitive damages to impose.<sup>28</sup> However, the “[t]he paramount determination in deciding to grant enhancement and the amount thereof is the egregiousness of the defendant’s conduct . . .”<sup>29</sup>

### 3. Purpose and effect

The Federal Circuit has considered the theoretical underpinnings of willfulness as it relates to patent infringement and concluded that willful patent infringement is a tort that arises upon deliberate or wanton disregard for the property rights of a patentee.<sup>30</sup> The primary purposes of increased damages<sup>31</sup> in the willfulness context are therefore both to punish culpable actors and to deter infringement.<sup>32</sup>

In practice, the willfulness issue affects the actions of parties that are put on notice of potential patent infringement. Once a party has actual notice of a patentee’s rights, that party has an affirmative duty of due care to avoid infringement.<sup>33</sup> The affirmative duty includes determining whether a contemplated activity constitutes infringement of a valid and enforceable patent.<sup>34</sup> The necessary corollary is that knowledge of possible infringement cannot be ignored without consequence.<sup>35</sup>

## B. The advice-of-counsel defense

### 1. Analyzing the defense

Seeking the competent legal advice of a patent attorney is just one manner in which due care may be exercised.<sup>36</sup> Indeed, the Federal Circuit has recognized that \*326 the usual course of action upon receiving knowledge of potential infringement is to seek an opinion of counsel.<sup>37</sup>

An opinion of counsel is usually a letter<sup>38</sup> drafted by a patent attorney directed to an alleged infringer regarding one or more of the following topics: validity, enforceability, and infringement of a patent.<sup>39</sup> The willfulness issue usually translates into an analysis of the opinion of counsel itself and the surrounding circumstances.<sup>40</sup> However, the willfulness issue does not depend on the legal correctness of the opinion of counsel.<sup>41</sup> “Indeed, the question arises only where counsel was wrong.”<sup>42</sup> After all, only infringers can be found to be willful infringers.

Where an advice-of-counsel defense is asserted, the issue becomes whether the opinion is “thorough enough, as combined with other factors, to instill a belief in the infringer that a court might reasonably hold the patent is invalid, not infringed, or unenforceable.”<sup>43</sup> Note that the issue of whether a court should conduct a subjective or objective inquiry or both arises again in the context of the advice-of-counsel defense. Here the subjective inquiry would focus attention on the state of mind of the infringer with regard to the opinion of counsel specifically. The issue would be whether the infringer actually believed the veracity of the contents of the opinion of counsel. The objective inquiry, of course, would instead focus on the reasonableness of the beliefs.<sup>44</sup>

The Federal Circuit has recognized both the subjective and objective approaches in the context of the advice-of-counsel defense, reasoning that both the infringer’s “intent and reasonable beliefs are the primary focus.”<sup>45</sup> In practice, however, the objective inquiry predominates. Objective evidence must be reviewed to determine whether reliance was reasonable, including whether the opinion itself lays an “adequate foundation based on a review of all necessary facts.”<sup>46</sup> The reasonableness of any reliance on an opinion of counsel depends upon the opinion’s \*327 authoritativeness, thoroughness, and objectiveness.<sup>47</sup> The Federal Circuit, somewhat unfortunately, has described this inquiry as one concerning “competence.”<sup>48</sup>

The following quotation from an important Federal Circuit decision on the issue of willfulness summarizes and sheds light on the appropriate inquiry. While reading it, note the court’s vacillation from a subjective to an objective inquiry:

Willfulness is a determination as to a state of mind. One who has actual notice of another’s patent rights has an affirmative duty to respect those rights. That affirmative duty normally entails obtaining advice of legal counsel although the absence of such advice does not mandate a finding of willfulness. Those cases where willful infringement is found despite the presence of an opinion of counsel generally involve

situations where opinion of counsel was either ignored or found to be incompetent. This precedent does not mean a client must itself be able to evaluate the legal competence of its attorney's advice to avoid a finding of willfulness. The client would not need the attorney's advice at all in that event. That an opinion is "incompetent" must be shown by objective evidence. For example, an attorney may not have looked into the necessary facts, and, thus, there would be no foundation for his opinion. A written opinion may be incompetent on its face by reason of its containing merely conclusory statements without discussion of facts or obviously presenting only a superficial or off-the-cuff analysis.<sup>49</sup>

## 2. Effects of deciding whether to invoke the defense

Of course the opinion of counsel will probably not be evaluated in court unless the alleged willful infringer actually invokes the advice-of-counsel defense.<sup>50</sup> This decision of whether to invoke the advice-of-counsel defense presents what has been called a "harsh dilemma."<sup>51</sup> The harsh dilemma exists because either decision--invoking the defense or not--results in significant negative consequences to the party invoking the defense.<sup>52</sup>

**\*328** On the one hand, a decision not to invoke the advice-of-counsel defense allows for the drawing of adverse inferences.<sup>53</sup> Although the non-asserted opinion of counsel may be shielded from discovery as a privileged communication,<sup>54</sup> the trier of fact may appropriately draw a negative inference if no opinion of counsel is disclosed.<sup>55</sup> That is, the trier of fact may assume either that the alleged willful infringer did not obtain an opinion of counsel or that any opinion of counsel obtained was unfavorable.<sup>56</sup>

On the other hand, when the advice-of-counsel defense is invoked, the alleged willful infringer waives the attorney-client privilege and perhaps work-product immunity as well.<sup>57</sup> However, the scope of this waiver is unclear.<sup>58</sup> Nevertheless, once the trial judge determines the scope of the waiver, the Federal Circuit only reviews the decision for abuse of discretion.<sup>59</sup> In light of these circumstances, at least two practitioners advocate not invoking the advice-of-counsel defense even when it is available. This is due, in part, to the potential for courts to use the defense as a "crowbar to open up a wide range of otherwise privileged material."<sup>60</sup> The proper scope of the resulting waiver is the topic of this article. First, however, the attorney-client privilege and work-product doctrine will be explored.

## **\*329 C. Exclusionary rules**

Exclusionary rules, including both the attorney-client privilege and the work-product doctrine, have been criticized practically since their inception.<sup>61</sup> Nevertheless, Congress has directed federal courts to develop a federal common law to govern attorney-client privilege as it applies to issues arising under federal law, which includes patent law;<sup>62</sup> the work-product immunity doctrine has been codified by Congress;<sup>63</sup> and the Supreme Court has sanctioned both the attorney-client privilege and the work-product immunity doctrine.<sup>64</sup> Because of the continued vitality of these exclusionary rules and their relationship to the advice-of-counsel defense, it is important to understand the details of both the attorney-client privilege and the work-product immunity doctrine.

### 1. The attorney-client privilege<sup>65</sup>

The attorney-client privilege is a time-honored common-law doctrine that protects the confidentiality of communications between attorneys and their clients.<sup>66</sup> "Its purpose is 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."<sup>67</sup> The privilege encourages clients to disclose all information to their attorneys, and attorneys to give unrestrained professional advice to their clients.<sup>68</sup> The common goal is to enable attorneys to carry out the professional mission of effective representation.<sup>69</sup>

**\*330** For various reasons, courts originally did not extend the attorney-client privilege to patent attorneys or others working on patent issues.<sup>70</sup> However, the Supreme Court in 1963 recognized that patent agents must be treated as attorneys under state law.<sup>71</sup> Thus, patent prosecutors and the drafters of patent opinion letters deserve the same attorney-client privilege afforded other attorneys under state law. Congress has directed federal courts to develop federal common law to govern attorney-client privilege,<sup>72</sup> and the Federal Circuit has extended to patent attorneys the same general privilege requirements applied to other attorneys.<sup>73</sup>

Just as in every other legal practice area, when a client and an attorney<sup>74</sup> discuss patent-related legal issues, the attorney-client privilege belongs to the client,<sup>75</sup> and the client may either expressly or inadvertently waive the privilege.<sup>76</sup> Regardless of how the attorney-client privilege is waived, after waiver occurs, a court must then determine the scope of the waiver.

## 2. The work-product immunity doctrine

In 1947 the Supreme Court first recognized the work-product immunity doctrine in the case of *Hickman v. Taylor*,<sup>77</sup> which was later codified in \*331 Federal Rule of Civil Procedure 26(b)(3).<sup>78</sup> While work product includes tangible and intangible information, legal theories, and strategy prepared by attorneys in anticipation of litigation,<sup>79</sup> the statute only covers tangible work product.<sup>80</sup> Tangible work product includes “memoranda, briefs, communications and other writings prepared by counsel for his own use in prosecuting his client’s case.”<sup>81</sup> To compel disclosure of tangible work product, a showing must be made “that the party seeking discovery has substantial need of the materials in the preparation of the party’s case and that the party is unable without undue hardship to obtain the substantial equivalent of the materials by other means.”<sup>82</sup>

Interrelated functional arguments underlie the work-product immunity doctrine. Considering the professional obligations of lawyers, the Supreme Court noted that:

it is essential that a lawyer work with a certain degree of privacy, free from unnecessary intrusion by opposing parties and their counsel. Proper preparation of a client’s case demands that he assemble information, sift what he considers to be the relevant from the irrelevant facts, prepare his legal theories and plan his strategy without undue and needless interference.<sup>83</sup> The practical result of not protecting work product would be that “much of what is now put down in writing would remain unwritten.”<sup>84</sup> Such a result would be inefficient and unfair.<sup>85</sup> Furthermore, “[t]he effect on the legal profession would be demoralizing” \*332 while the interests of clients and justice itself “would be poorly served.”<sup>86</sup>

Despite the strong language used by the Supreme Court to support work-product immunity, the doctrine is not unbounded. Where relevant and non-privileged facts remain hidden in an attorney’s file and where production of those facts is essential to the preparation of one’s case, discovery may properly be had. Such written statements and documents might, under certain circumstances, be admissible in evidence or give clues as to the existence or location of relevant facts. Or they might be useful for purposes of impeachment or corroboration.<sup>87</sup>

Nevertheless, the Supreme Court has predicted that situations justifying production of work product will be “rare.”<sup>88</sup> Even when disclosure is required under the rule, a court “shall protect against disclosure of the mental impressions, conclusions, opinions, or legal theories of an attorney or other representative of a party concerning the litigation.”<sup>89</sup>

The Federal Circuit recognizes the work-product immunity doctrine.<sup>90</sup>

## III. The Disputed Issue: Scope of Waiver After Asserting the Advice-of-Counsel Defense

### A. Possible scopes of waiver: an overview

Finally, the question presents itself: to what extent does asserting the advice-of-counsel defense to a charge of willful infringement waive attorney-client privilege and work-product immunity?<sup>91</sup> One can imagine many possible answers to this question. Before reviewing district court decisions on the issue or attempting to resolve the issue in light of the principles behind the exclusionary rules and patent laws, consider the range of possibilities presented to the decision-maker.

\*333 First, consider the attorney-client privilege. Various scopes of waiver can be envisioned. The advise-of-counsel defense might only waive the privilege with respect to the opinion letter, which is simply legal advice communicated from the attorney to the client. Or the defense might waive communications in which the attorney expresses or otherwise casts doubt upon the substance of the opinion. A slightly broader interpretation would extend the waiver to any communications between the attorney and the client regarding the same subject matter as the opinion, e.g. validity. An even broader interpretation would require disclosure of communications regarding all subjects related to patent law, including validity, enforceability, and infringement, regardless of whether the opinion letter relied upon addresses only a subset of subjects. Lastly, the broadest waiver would make available all communications between the attorney and the client.

Next, consider work-product immunity. Various scopes of waiver can be envisioned here as well. The advice-of-counsel defense might make available work product that casts doubt on the opinion, work product that directly relates to the opinion, work product concerning the same subject matter as the opinion (for example validity) or work product related to any subject, including validity, enforceability, and infringement. Or the waiver might extend to all work product produced by the attorney in developing the opinion. Also, the waiver might only apply to work product that includes facts (fact work product), or it might extend to the mental impressions of the attorney (opinion work product).

Consider two complicating questions. First, what is the temporal scope of the waiver? Waiver might begin as soon as a patent issues or when a party is put on notice of potential infringement. Waiver might end at the time the case was filed and trial counsel was hired. Alternately, the time period might be linked to the allegation of willfulness.

Second, to whom does the waiver apply? The waiver might be limited and apply only to the attorney providing the opinion of counsel. Perhaps the waiver might be extended to apply to any attorney the client contacts in regard to the patent. A significant issue is whether trial attorneys should be treated differently than other attorneys. On one hand, trial attorneys might be provided more protection by applying a narrower waiver. Greater protection might reflect the belief that confidential communication is at the heart of the adversary system. On the other hand, trial attorneys might be provided less protection by applying a broader waiver. Less protection might encourage parties not to use trial counsel to render opinions. Figure 1 summarizes these possibilities.

**\*334 Figure 1: Possible scopes of attorney client privilege and work-product immunity waivers.**

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**B. Deconstructing the complexity of waiver determinations**

Out of the spectrum of imaginable possibilities just outlined, consider the scope of waiver trial courts have imposed when alleged infringers invoke the advise-of-counsel defense. In light of the discretion afforded trial judges in this area, it is not surprising that the case law also presents a spectrum of answers to this question. To better understand the various answers courts have given, the complex issues that courts must consider when determining the scope of waiver have been divided into four main topics: exclusionary rules, subject matter, residual substantive issues including temporal scope and to whom the waiver applies, and procedural issues.

1. Exclusionary rules

Cases addressing exclusionary rules in the waiver context can be divided into three general categories based on which of the three most common approaches a particular court adopts.

**\*335 i) Communications waiver**

One series of cases holds that when an opinion of counsel is presented to rebut an allegation of willfulness, attorney-client privilege and work-product immunity are waived only with respect to documents communicated to the client.<sup>92</sup> Thus, while communications between the client and the opinion counsel are waived, work-product immunity continues to shield documents not communicated to the client. For purposes of this article, this scope of waiver will be called the “communications waiver.” Essentially, the communications waiver is limited to waiver of attorney-client privilege.

A decision epitomizing the approach resulting in the communications waiver is *Thorn EMI North America, Inc. v. Micron Technology, Inc.*<sup>93</sup> In *Thorn*, a magistrate judge first analyzed Federal Circuit precedent and concluded that willful patent infringement is ultimately a question of the infringer’s state of mind.<sup>94</sup> The court then cited the traditionally narrow scope of work product waivers under Federal Rule of Civil Procedure 26(b)(3).<sup>95</sup> Combining these two factors, the court rejected the argument that the basis and actual competence of an opinion of counsel are of consequence to a willfulness inquiry.<sup>96</sup> Thus, the judge resolved the issue of what type of inquiry is appropriate by adopting the subjective approach to analyzing willfulness. The court only required disclosure of documents communicated between the client and the attorney, and refused to adopt a broader scope of waiver that would have compelled disclosure of non-communicated work product. The court reasoned that the mental impressions, conclusions, opinions, and legal theories of opinion counsel are not probative of the

state of mind of the infringer unless they are communicated to the client.<sup>97</sup>

Because the communications waiver purports to reflect Federal Circuit precedent regarding willfulness, it is not surprising that some patent owners agree to the \*336 communications waiver.<sup>98</sup> However, some judges have criticized its narrowness. One critique argues that the waiver issue should be framed in terms of discoverability, which implies broad disclosure, and not admissibility, which implies strict protection. Thus, a district judge has reasoned that focusing solely on whether evidence was clearly communicated by the attorney to the client can obscure the fact that evidence which does not facially reflect communication to the client may nonetheless be relevant to showing the client's state of mind. This is so simply because negative evidence contained in the attorney's files raises the reasonable circumstantial inference that the client was somehow apprised of the negative opinions.<sup>99</sup> This criticism focuses the inquiry on the work product as it may possibly reflect the state of mind of the accused willful infringer. However, notice that the judge did not say that work product is discoverable because it may lead to admissible evidence. Instead, the judge left open the prospect that work product is admissible in and of itself. Other judges invoke similar criticisms and, embracing a legal realist perspective, push the argument closer to the conclusion that the state of mind of the attorney is not only relevant, but admissible:

Certainly it would not be rational to assume that everything in counsel's files reached the client, or that counsel communicated to the client all of what he or she really thought, but it would be comparably irrational to assume that there could be no relationship between what counsel really thought (as reflected in her private papers) and what she in fact communicated to her client. In this important sense, evidence about what really was in the lawyer's mind could be quite relevant to the issue of what really was in the client's mind.<sup>100</sup>

Both criticisms are grounded in a sense of practicality. That is, practically speaking, what is in the attorney's mind may be the same thing as what is in the client's mind. Thus, while proclaiming discoverability to be the goal, the courts actually move the line closer to admissibility.

## ii) Complete waiver

Most critiques of the first solution form a second line of cases that treats invocation of the advice-of-counsel defense as a waiver of both attorney-client privilege and work-product immunity, regardless of whether the attorney communicates the documents to the client.<sup>101</sup> These courts go so far as to require disclosure of \*337 work product that includes the mental impressions of opinion counsel.<sup>102</sup> For purposes of this article, this scope of waiver will be called the "complete waiver."

A decision representative of an early approach advocating complete waiver is *Mushroom Associates v. Monterey Mushrooms, Inc.*<sup>103</sup> In *Mushroom*, a magistrate judge began by recognizing that fairness should prevent a party from disclosing self-serving documents while withholding potentially damaging documents.<sup>104</sup> Furthermore, the court, in considering Federal Rule of Civil Procedure 26(b)(3), found a "substantial need exists for the work product" where "the discovering party cannot obtain substantially equivalent materials because the specific work product is directly at issue."<sup>105</sup> Waiver therefore extended to fact work product under Rule 26(b)(3). However, the court did not stop there. Ruling that "what the attorney thought about infringement bears directly on the defendants' advice of counsel defense," the court found the need for documents including opinion counsel's mental impressions to be compelling, requiring its disclosure despite Rule 26(b)(3).<sup>106</sup> Thus, the principle of fairness guided the court to extend the waiver to documents otherwise protected by both attorney-client privilege and work-product immunity, regardless of the alleged willful infringer's knowledge of the documents, and including opinion work product.

However, early decisions waiving all work-product immunity were criticized as ignoring Federal Circuit law: "[r]emarkably, these cases do not attempt to divine from Federal Circuit authority any controlling principle grounded in substantive patent law. In fact, these cases do not cite Federal Circuit authority at all, but rely upon district court opinions in patent cases or in general civil litigation."<sup>107</sup> The general thrust of the complaints is that these cases improperly consider the attorney's state of mind to be relevant or even "paramount."<sup>108</sup> Decisions invoking these critiques adopted the communications waiver.

**\*338** Responding to these criticisms, more recent cases adopting the complete waiver connect the attorney's work product and state of mind to the state of mind of the client. These arguments, which are noted above, emphasize practicality. Again, practically speaking, the state of mind of patent counsel more often than not will reflect the state of mind of the client.

Surprisingly, recent court decisions invoking the complete waiver do not articulate the most satisfactory justification for the

complete waiver. Unquestioningly accepting the premise that the state of mind of opinion counsel is not at issue in a willfulness determination, judges seeking to invoke the complete waiver resign themselves to connect the work product of opinion counsel to the state of mind of the alleged willful infringer. These judges do not recognize that while the state of mind of opinion counsel may not be at issue in a willfulness determination *per se*, it seems logical that the state of mind of opinion counsel is put at issue by the invocation of the advice-of-counsel defense to an allegation of willfulness. In short, the question is whether the state of mind of opinion counsel is put at issue by the presentation of the opinion letter itself. To support the complete waiver, however, it is not necessary to go that far. Having put the opinion letter at issue, which in reality is simply one piece of opinion work product, the burden would appear to be on alleged willful infringers to justify why every other piece of opinion work product should not also be put at issue. Of course, the alleged willful infringer may argue that the state of mind of the attorney is irrelevant. Regardless, in this light, waiver of opinion work product is more than plausible. Indeed, this logic seems to have provided the basis for the *Mushroom* decision, perhaps explaining why that decision fails to cite Federal Circuit law.

However, another argument recently put forward to support the complete waiver must be recognized and rejected. In *Novartis Pharmaceuticals Corp. v. Eon Labs Manufacturing, Inc.*,<sup>109</sup> a district judge opined that “the starting point for the analysis is the infringer [sic] decision to waive the attorney-client privilege.” Just two sentences after announcing this “starting point,” however, the court quickly jumped to the conclusion that, where the advice-of-counsel defense is asserted, a complete waiver attaches.<sup>110</sup> Besides being circular, this reasoning ignores both the dilemma presented to accused willful infringers by the choice of whether to assert the defense in the first place, and then the uncertainty surrounding the scope of waiver itself.

A better understanding of the dilemma and uncertainty confronting alleged willful infringers is found in *Motorola, Inc. v. Vosi Technologies, Inc.*<sup>111</sup> In *Motorola*, a district judge determined that an accused willful infringer should be given \*339 the opportunity to make an informed decision whether to invoke the advise-of-counsel defense.<sup>112</sup> The court ruled that an alleged willful infringer’s motion for a protective order “is an appropriate procedure; it permits a party to make a fully-informed and intelligent decision whether to rely on advice of counsel with full knowledge of the consequences of the decision.”<sup>113</sup> Thus, while the argument that the state of mind of opinion counsel often coincides with the state of mind of the client is compelling and therefore carries much weight, the argument that an alleged willful infringer’s decision to invoke the attorney-client defense determines the extent of the waiver itself is nonsensical and should be rejected.<sup>114</sup>

### iii) Communications/fact work-product waiver

Although not yet recognized in academic literature or in decisions, a third approach suggested by a few cases is that the advice-of-counsel defense waives attorney-client privilege and work-product immunity with respect to documents communicated to the client as well as fact work-product immunity, regardless of whether the attorney communicates the fact work product to the client.<sup>115</sup> On the one hand, this waiver is broader than the communications waiver because fact work product not communicated to the client is discoverable. On the other hand, this waiver is narrower than the complete waiver because opinion work product not communicated to the client is not discoverable. Therefore, this most recent development in the case law might be seen as a compromise position. For the purposes of this note, this scope of waiver, for lack of a better name, will be called “communications/fact work-product waiver.”

*Cordis Corp. v. SciMed Life Systems, Inc.*<sup>116</sup> took the first step toward the communications/fact-work product waiver. In *Cordis*, a patent owner sought disclosure of the results of commissioned experiments that the alleged willful infringer relied upon in forming an opinion of counsel.<sup>117</sup> A magistrate judge first criticized \*340 the impracticality of conducting a “four-corners” review of the opinion of counsel.<sup>118</sup> The court next addressed fact work-product immunity:

[W]e find no rational basis to conclude that, when patent counsel’s opinion is premised upon assumed, or asserted facts, that the factual premises are immune from appropriate inquiry . . . . To suggest, as the [alleged willful infringer] does here, that the [patent owner] must accept the validity of those experimental results for, to disclose the same would breach the [alleged willful infringer]’s legal privileges, is farcical. We can accept that an inventor, who seeks legal counsel so as to exercise due care in respecting the patent rights of a competitor, might not be fully qualified, in the ordinary course of events, to appraise the validity of his patent attorney’s legal reasoning, but we cannot accept that the inventor would be similarly unqualified to assess the validity of the factual premises upon which his patent counsel has framed his legal opinion, or that he would be permitted carte blanche to accept any factual predicate without question . . . . [W]e believe that a rigorous examination of the factual predicates for an opinion of patent counsel, in defense of a claim of willfulness, is essential. To conclude otherwise, would be to effectively insulate the potential infringer from increased damages.<sup>119</sup>

The court might have seemingly achieved the same result, disclosure of the experimental results, by simply adopting the communications waiver. However, the court rejected the communications waiver, stating that “the operative factor is not whether the underlying factual information had been shared with the [alleged willful infringer], but whether that information either served, or should have served, as a factual predicate for counsel’s opinion . . .”<sup>120</sup> Nevertheless, this decision might be explainable. There is reason to believe that the communications waiver would not have exposed the experimental results because they may have been shielded from the client, perhaps for the express purpose of avoiding disclosure. The court signaled as much when it noted its “doubt that the law would intend, however inadvertently, to reward incompetence, or willful artifice, by insulating such opinions from searching scrutiny.”<sup>121</sup>

A later case integrating the communications waiver with the waiver implemented in *Cordis*, thereby fully adopting the communications/fact work-product waiver, is *D.O.T. Connectors, Inc. v. J.B. Nottingham & Co.*<sup>122</sup> In *D.O.T. Connectors*, a magistrate judge concluded that “the waiver extends to any evidence considered by the attorney who gave the opinion (fact work product), whether or not it was communicated to [the alleged willful infringer], but does not extend to legal \*341 research or other opinion work product unless such opinion work product was communicated to [the alleged willful infringer].”<sup>123</sup>

The communications/fact work-product waiver may be a neatly packaged compromise between the entrenched positions of the communications waiver and the complete waiver. In fact, this approach may more accurately track the work-product doctrine, at least as the doctrine is articulated in Rule 26(b)(3). On the one hand, a substantial need is apparent if it can be proven that the facts were known to the alleged willful infringer, since the state of mind of the party is at issue. Even if the facts are willfully shielded from the alleged willful infringer, this shielding should raise serious doubts about the reasonableness of that party’s reliance on any resulting opinion. On the other hand, proving undue hardship might be difficult because substantially equivalent facts might be obtainable through the traditional discovery process. Still, if we assume that in some circumstances undue hardship may be proven and thus fact work-product immunity is waived, opinion work product should nevertheless be shielded according to Rule 26(b)(3).

The Supreme Court expressly recognized that “a far stronger showing of necessity and unavailability by other means” is required before opinion work product may be ordered.<sup>124</sup> Whether that “far stronger showing” is met when the opinion-of-counsel defense is asserted, of course, is debatable. As to fact work product, the Federal Circuit has instructed that a “counsel’s opinion must be premised upon the best information known to the defendant.”<sup>125</sup> Such an affirmative instruction may convert the desire for fact work product into a necessity to determine compliance with this directive.

However, at least one district court explicitly rejected the argument that non-communicated fact work product should be disclosed.<sup>126</sup> In *Nitinol Medical Technologies, Inc. v. AGA Medical Corp.*,<sup>127</sup> a patent owner did not seek opinion work product, but only documents related to the factual basis of the opinion.<sup>128</sup> In rejecting a motion to compel, the court held that “[u]nless it can be established that the defendant knew of the factual basis for counsel’s opinions, such work product should not have to be produced.”<sup>129</sup>

### \*342 2. Subject matter

#### i) Extending waiver based on subject matter

Most courts, regardless of which approach to the exclusionary rules they adopt, further limit any waiver to the subject matter of the opinion. However, the subject matter of the opinion letter is oftentimes unclear. Consider the frequent topics addressed by opinions of counsel: invalidity, unenforceability, and noninfringement. On the one hand, sometimes presenters of opinions of counsel admit to waiving privilege and immunity as to all these topics.<sup>130</sup> On the other hand, sometimes patent owners limit discovery requests to the specific topic addressed by the opinion letter.<sup>131</sup> Both of these situations are easy. But does an opinion that addresses only one of these topics require disclosure of communications or work product concerning the others?

District judges are not in agreement as to the scope of subject matter waived. Some courts restrict the breadth of waiver. “Subject matter waiver does not mean all opinions as to all possible defenses, but does mean all opinions of the specific issue of advice asserted as a defense to willfulness, be it infringement, validity, enforcement, or a combination.”<sup>132</sup> Other courts require more expansive disclosure. For example, in *Motorola*, the district court recognized that claim construction may tie multiple topics together:

It is conceivable that [the alleged willful infringer] could have received an opinion of invalidity that was based on a very broad construction of the claims, while also receiving an opinion of non-infringement that was based on a narrower construction. In that hypothetical situation, knowledge of the narrower construction could cast doubt on the premise of the opinion of invalidity and thus could bear on whether it was reasonable for [the alleged willful infringer] to rely on that opinion.<sup>133</sup> This argument provides a nice segue into the second issue surrounding subject matter: gatekeeping.

#### ii) Gatekeeping: waiver of communications or documents that cast doubt on the opinion

In *Thermos Co. v. Starbucks Corp.*,<sup>134</sup> a district judge determined that, with respect to opinion counsel, the communications waiver applied.<sup>135</sup> Waiver also extended to any other communications from any other attorneys, including trial counsel, \*343 involving the subject matter discussed in the opinion letter.<sup>136</sup> However, the judge limited this waiver only to require disclosure of any communications from trial counsel to the infringer “containing ‘potentially damaging information’ or ‘expressing grave reservations respecting the opinion letter.’”<sup>137</sup>

Similarly, in *Micron Separations, Inc. v. Pall Corp.*,<sup>138</sup> a magistrate judge determined that the work-product privilege was waived only with respect to opinion work product inconsistent with or casting doubt upon the opinion letter:

Surely the waiver extends to any documents communicated to [the alleged willful infringer] by present trial counsel before suit was filed which contain potentially damaging information and/or express grave reservations respecting the opinion letter. But I decline to apply the waiver to documents containing the opinion work product of present trial counsel which is solely consistent with the opinion letter and does not in any way cast any doubt on the validity of the opinions expressed or the bases for those opinions.<sup>139</sup> These cases create a gatekeeping function that the alleged willful infringer is allowed to control.

These solutions are easily criticized. They create “an unworkable limitation as it requires counsel for defendant to make a subjective judgment as to the probative weight of the second opinion.”<sup>140</sup> Obviously, the reality is that an attorney will probably resolve close issues in the client’s favor, either due to bias or professional responsibility.<sup>141</sup> Nevertheless, courts continue to apply the gatekeeping function.<sup>142</sup>

### 3. Residual issues

#### i) Who does waiver apply to?

An obvious but often overlooked issue is determining the attorneys to whom the waiver applies. The facts of most cases only present the issue of waiver as it \*344 applies to opinion counsel. However, some cases involve opinion counsel who also act as trial counsel, and vice versa. Still other cases present the question of whether waiver should apply to other attorneys, for example, attorneys contacted by a client in search of a favorable opinion.

One answer is to extend waiver to “all those counsel who rendered an opinion.”<sup>143</sup> However, the appropriateness of this scope depends on how broadly or narrowly “opinion” is defined. A definition that limits the scope of waiver to written opinions would protect oral communications with attorneys who decline to produce written opinions because, in their professional judgment, infringement of a valid and enforceable patent is occurring or would occur. Obviously, this result does not comport with the goals of deterring infringement. Thus, a broader definition of “opinion” is seemingly more appropriate.

Answering the question of who the waiver applies to raises a second question: whether one scope of waiver should apply equally to all counsel. If different scopes apply to different folks, yet more questions are presented: how to determine what scope is appropriate for each party and how to explain the relative difference.

A common scenario is that a court applies different scopes of waiver to opinion counsel than to trial counsel. However, district courts are split on the issue of which party deserves more protection. As noted above, in *Thermos*, a judge decided that a narrower scope of waiver applied to trial counsel than to opinion counsel.<sup>144</sup> This decision is understandable, since protection of trial counsel’s communications and work product seems to be the heart of the attorney-client and work-product doctrine.

Nevertheless, just the opposite result is seen in other cases. More recently, in *Akeva L.L.C. v. Mizuno Corp.*,<sup>145</sup> a magistrate judge concluded that a broader waiver applied to opinions prepared by trial counsel when compared to opinions prepared by non-trial counsel.<sup>146</sup> This decision may reflect the *ex ante* incentives on alleged willful infringers that the scope of waiver produces. On the one hand, a narrower waiver for trial counsel would create an incentive for an alleged willful infringer to seek an opinion from its trial counsel. On the other hand, a broader waiver for trial counsel creates a disincentive to seek the opinion from trial counsel. The court chose to create the disincentive for at least two reasons. First, the Federal Circuit encourages parties to obtain opinions from independent attorneys.<sup>147</sup> Requiring \*345 broader disclosure in the case of opinions obtained from trial counsel, and therefore encouraging alleged willful infringers to seek out an independent opinion, does not undermine the Federal Circuit's stated preference. Second, if obtaining an opinion from trial counsel better insulated communications and work product, the system might be abused.<sup>148</sup> Parties would have an incentive to seek opinions from trial counsel for the express purpose of later hiding any sensitive documents that might be created during the formation of the opinion letter.<sup>149</sup>

Extending waiver to trial counsel should be limited to instances in which the alleged willful infringer relies upon and presents an opinion letter produced by the trial counsel. Consistent application of a broad waiver to trial counsel would ignore the reality of litigation. Trial counsel, by definition, will give the alleged willful infringer advice on the exact same subject or subjects discussed in the opinion letter--validity, enforceability, and infringement--in preparing a case on the issue of liability. Furthermore, trial counsel must evaluate any opinions obtained and advise the client on the soundness of reliance on any opinion at trial.

#### ii) Temporal scope

Another issue about which some courts disagree is the temporal scope of waiver. One end of the equation--when waiver attaches--is less debatable. Waiver cannot apply until after a party receives notice or otherwise learns of a patent. Therefore, waiver probably cannot attach before a patent issues because no patent exists to analyze in the form of an opinion.<sup>150</sup> Furthermore, waiver probably should not apply to communications or work product divorced from the time period of the alleged willful infringement.<sup>151</sup> Instead, waiver might be tied to the approximate time period in which the opinion was rendered.<sup>152</sup>

The second issue--when waiver no longer applies--is more debatable. In some cases, courts have limited waiver to the time before the lawsuit was filed.<sup>153</sup> Reminiscent of the desire to shield trial counsel from being required to disclose communications and work product, this approach appears appealing at first. However, \*346 the state of mind of the alleged willful infringer might be relevant even after the case is filed, such as when a patent owner alleges continuing willful infringement up until the day of trial. Therefore, “[w]hile there is some authority that cuts off the waiver at time of the filing of the action, the better authority requires that all communications, both pre and post-complaint filing, should be disclosed.”<sup>154</sup> The same may be said of pre- and post-complaint work product, to the extent it is waived.

### 4. Procedural protections

Procedural protections often provide substantive protection. The Federal Circuit has recognized two procedural wrinkles in the willfulness context that provide alleged willful infringers with greater protection: bifurcated trials and *in camera* review. Other useful procedures are separate hearings on the issues of waiver and admissibility.

#### i) Bifurcated trials

Recognizing the difficult decision alleged willful infringers face when deciding whether to invoke the advice-of-counsel defense, the Federal Circuit has suggested that district court judges consider bifurcating jury trials.<sup>155</sup> The first trial would cover liability and damages; the second trial, if necessary, would cover willfulness.<sup>156</sup> The decision of whether to invoke the advice-of-counsel defense could therefore be postponed and would only be decided if necessary to disprove willfulness. Courts would not be pressed to answer the very question posed by this article: what is the scope of waiver of attorney-client privilege and work-product immunity that results when, in response to an allegation of willful infringement, the advice-of-counsel defense is asserted. Also, by postponing any discussion of the opinion, waiver would not prejudice the alleged willful infringer during the liability trial.

In theory, the idea of bifurcation sounds useful and appropriate. Nevertheless, in practice, institutional hurdles impede the use

of bifurcation by trial courts.<sup>157</sup> Increased cost appears to be the main complaint.<sup>158</sup> “[M]any district judges find [bifurcation] impractical, especially in jury cases, and also find it inconsistent with \*347 the [sic] rapid disposition of cases.”<sup>159</sup> Furthermore, despite “hav[ing] suggested the advisability of separate trials in appropriate cases,” the Federal Circuit would probably review decisions not to bifurcate trials under a clearly erroneous standard of review: “Similarly, an order refusing to bifurcate a trial is a routine discretionary decision of the district court concerning trial management.”<sup>160</sup>

District courts should reconsider and bifurcate trials for at least three reasons. First, the decision to reject bifurcation does not necessarily save time or money. In fact, the efficiency of not bifurcating a trial might only be determined through empirical study. The cost of a willfulness trial will be incurred only if infringement is found during the liability trial, but savings from not including the willfulness issue in the liability trial will redound every time. Therefore the efficiency of bifurcation depends upon the cost of a separate willfulness trial multiplied by its probable occurrence compared to the decreased cost of conducting a liability trial without willfulness issues. The costs the district courts should consider include not only costs to the court, such as the delay caused by the need to sit a second jury, but also costs to the parties, such as discovery costs. Note that a large cost that courts could avoid is the subject of this article: the cost of reinventing the scope of waiver. Whether bifurcation or non-bifurcation is more efficient, then, appears to be less than obvious.

Second, district court judges should consider whether bifurcating the trial would better serve justice. Despite any instructions to the contrary, an alleged willful infringer may appear quite culpable to a jury when there is evidence that he sought the opinion of a patent attorney upon learning of a patent. Bifurcating the trial would avoid confusing the jury and prejudicing the alleged willful infringer.

Third, as detailed in Part III, the decision to bifurcate the trial furthers the possibility that the Federal Circuit will finally find jurisdiction to review a waiver determination. Because of these reasons, efficiency, justice, and the possibility of Federal Circuit review, trial judges should strongly consider bifurcating trials.

Even if the traditional form of bifurcation is not adopted, judges have discretion to create workable alternatives. For example, a recent case suggests that bifurcation in the traditional sense should only be granted when damage claims are extensive and thus present a discrete issue for determination.<sup>161</sup> However, while not finding that standard met in the particular facts of the case, the court still adopted a solution reconciling the interests of both parties and the court: if the jury found validity and infringement, only then would extensive discovery and introduction of \*348 evidence regarding willfulness be permitted, and the same jury would be used for both the liability and the willfulness phases of the trial.<sup>162</sup> This creative solution should be considered even if the traditional form of bifurcation is rejected.

### ii) In camera review

Another procedural tool the Federal Circuit has approved is in camera review of disputed documents.<sup>163</sup> Regardless of the substantive approach to the waiver determination taken by the trial judge, this tool allows the judge to make informed decisions about what documents are appropriate for disclosure.<sup>164</sup> Trial judges should utilize this tool in all cases in which a dispute arises concerning a specific document. However, note that this procedural tool is particularly effective in the gatekeeper scenario by eliminating bias in the gatekeeper.

### iii) Waiver and admissibility hearings

The procedural context in which the issue of waiver arises is usually a separate pretrial hearing. These hearings usually originate on a motion of one of the parties: for example when a patent owner files a motion to compel or when an alleged willful infringer files a motion for a protective order. The resulting hearing regards the discoverability of documents. Such hearings are obviously useful and necessary to resolve the question of waiver as it applies to specific cases.

A determination as to the proper extent of waiver does not necessarily determine the admissibility of the same documents. Even when admissible, as alluded to above, in the context of a patent infringement trial with an allegation of willfulness, evidence related to willfulness may unfairly prejudice a jury on the predicate issue of liability during trial. If a trial is not bifurcated, such undue prejudice might render the evidence inadmissible.<sup>165</sup> The alleged willful infringer might also raise numerous other evidentiary objections. Thus, a last procedural protection worth mentioning is a hearing on admissibility. Even though judges could decide the issues of waiver and admissibility could theoretically be decided at the same time (especially with the use of in camera review), a more appropriate course is to have separate hearings on waiver and admissibility. While many of the same arguments might be employed in both hearings, the patent owner will not be able to

adequately prepare arguments for admissibility without seeing the documents at issue.

### **\*349 C. The underlying difference of opinion**

The three substantive approaches put forth by district courts reflect a lack of agreement on the appropriate scope of waiver. However, the heart of the disagreement among trial courts may be less about differing interpretations of Federal Circuit case law,<sup>166</sup> and more about varying levels of suspicion that “legal gamesmanship [has] creep[ed] into the practice of rendering infringement and validity opinions.”<sup>167</sup>

Courts invoking the complete waiver demonstrate a high level of suspicion that opinion writers may be hiding something. Wishing to hold opinion writers accountable for their work, these judges effectively convert opinion counsel into a type of auditor accountable to the public. Viewing opinion writers as auditors may reflect the idea that the public is the ultimate beneficiary of the patent system, though patent owners and alleged infringers have an obvious pecuniary interest. Thus, all documents are discoverable, and, when the fact-finder is a jury, the jury will represent the public in reviewing the documents’ contents. Another justification for viewing opinion counsel as auditors is that no other mechanism effectively ensures the candor of opinions.

On the one hand, if an alleged willful infringer asserts the advice-of-counsel defense and loses at trial because the asserted opinion was a sham, the result is probably in the public interest. If the alleged willful infringer and opinion counsel conspired to produce the sham opinion, willfulness is an appropriate penalty. Even if no conspiracy existed, however, a remedy for the client may be available; the party adjudicated willful infringer may sue the opinion writer for malpractice. On the other hand, the more important and more troubling story is when the alleged willful infringer wins at trial on the willfulness issue despite the fact that the opinion is a sham. In this case, the only course of action may be for the patent owner to bring an antitrust or fraud action against the alleged willful infringer or the opinion counsel. In short, a court that requires disclosure of opinion work product overprotects against the latter scenario by rooting out sham opinions.

In contrast, courts invoking the communications waiver, and to a lesser extent courts invoking the communications/fact work-product waiver, demonstrate confidence in the ethical and professional responsibility of opinion writers. Setting aside the various other complexities presented by the opinion-of-counsel defense, a Federal Circuit decision adopting one of the general approaches to the scope of waiver may also reflect that court’s level of trust in the ethical and professional responsibility of opinion writers.

**\*350** However, one can envision other solutions to the perceived problems of legal gamesmanship and sham opinions.<sup>168</sup> For example, legislation or Patent and Trademark Office (“PTO”) regulation could be drafted to govern the rendering of patent opinions. Newly drafted standards could also resolve disclosure issues, could require the filing of all patent opinions, and/or could create a third party review system.

Consider a review system in which a third party, such as the PTO, certified or otherwise monitored the quality and accuracy of patent opinions. Such a system could require the PTO to investigate and enforce standards articulated in regulations, wherein the PTO might require the disclosure of documents otherwise protected by the attorney-client privilege and work-product immunity before rendering a decision in certification. The PTO could require the filing of all patent opinions, which could be kept confidential pending the development of litigation or negotiations. Alternatively, such a system could be voluntary, wherein a party could choose whether or not to have an opinion officially reviewed for possible certification. Again, the PTO might require the disclosure of otherwise-protected documents before it would render a decision on certification.

Either a mandatory or a voluntary system of review would produce some effect. For instance, certification of a patent opinion might result in it receiving official or unofficial recognition that would give that opinion more weight in the eyes of parties, judges, or juries. A review that did not certify an opinion would obviously give that opinion less weight. In other words, a review system such as this one would provide an alternate way to ferret out sham opinions.

The review system could also provide an avenue for incidental benefits. The PTO could keep track of the performance of different patent attorneys and law firms. Even if the PTO only required the filing of opinions, the PTO could develop statistics to show how often opinions were later rejected by judges or juries. The system would create a market incentive for attorneys and firms to choose reputable counsel who would in turn have incentives not to trade on their reputations. Of course,

this market incentive already exists in the current system, but the review process or a requirement to file opinions would provide a more efficient method of rendering such indicators.

Courts do not have the institutional capacity to effectuate any of these proposed alternative solutions. Such sweeping change to the patent opinion landscape would require legislative and regulatory intervention. But a review system such as the one discussed could allow the legislature or the PTO to provide an answer to the question this article analyzes: the proper scope of waiver. While merely substituting a decision-maker does not address the appropriateness of disclosing documents \*351 otherwise protected by the attorney-client privilege and work-product immunity, if legal gamesmanship is what judges actually fear and if an efficient method for detecting sham opinions can be created, a legislative decision to implement a review system might be appropriate.

### **III. Resolving the Issue: Why and How**

#### **A. The implications of an uncertain scope of waiver**

The complex and uncertain waiver doctrine discussed above results in an uncertain attorney-client privilege and an uncertain work-product doctrine. These uncertainties effectively emasculate the purposes of the attorney-client privilege and work-product doctrine by undermining the very existence of the protections themselves. Consider the following:

[I]f the purpose of the attorney-client privilege is to be served, 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>169</sup> This reasoning applies equally to the work-product doctrine.

In fact, an uncertain waiver doctrine is worse than no doctrine at all because of the enormous inefficiencies the uncertainty creates. First, consider the effect on parties and attorneys. Assuming a party seeking an opinion of counsel has knowledge of the uncertainty in the waiver doctrine, the party will consciously act as if the least possible protection exists. Fearing later disclosure, the party might withhold details that would have otherwise been disclosed to the attorney. Oral communications will occur more often and less will be committed to paper. The purposes of the attorney-client privilege--full and frank communication between attorneys and their clients-- might therefore be lost.

Next, consider the effect on the attorney contacted by the party. Knowing the uncertainty of the waiver doctrine, the attorney will also consciously act as if the least possible protection will be afforded. However, the attorney will be affected in terms of communications as well as work. The attorney will commit little to paper until confirming that a satisfactory opinion can be written. Even then, the attorney will try to limit work product to publicly available information, such as the patent's prosecution history. Again, the goal of the work-product doctrine--proper preparation of a client's case--might be lost if appropriate information and arguments are not developed. The inefficiencies in this system clearly undermine the enterprise.

Also consider the effect on the judicial system itself. Here, uncertainty in the waiver doctrine wastes enormous amounts of resources. The scope of waiver is relitigated \*352 by parties and reinvented by courts repeatedly.<sup>170</sup> Each time the advice-of-counsel defense is asserted, both parties draw on extensive precedent to support their positions, and typically a magistrate judge<sup>171</sup> is forced to wade through the volumes of cases on the issue and reinvent the scope of the waiver yet again. Besides inefficiency, uncertainty also causes parties to lose confidence in the effectiveness of courts to dispense justice. Decisions are seen as arbitrarily decided.

Uncertainty, inefficiency, and injustice are evidenced by the extent of disagreement among judges regarding the proper scope of waiver. Of course, disagreements among districts is common.<sup>172</sup> One might think that district judges accept decisions made by other judges in the same district. This presumption is wrong; disagreements even exist within district courts.<sup>173</sup> In one instance, disagreement existed between a magistrate judge and a district judge working on the same case.<sup>174</sup> In another instance, a judge was asked to reconsider a decision he made seven years earlier on the proper scope of waiver.<sup>175</sup> Fortunately, he declined.<sup>176</sup>

#### **B. Obtaining appellate review**

Ultimately, the debate raging in the district courts cries out for appellate review regardless of the substantive decision reached on appeal. However, significant obstacles stand in the way of obtaining effective appellate review, so parties \*353 that find themselves litigating this issue must explore every possible way to appeal waiver determinations.

Before exploring the numerous methods of obtaining appellate review, however, note that the Federal Circuit will hear any appeal related to the scope of waiver resulting from the assertion of the advice-of-counsel defense to a claim of willful patent infringement.<sup>177</sup> Federal Circuit law will probably apply since the issue arguably implicates substantive patent law.<sup>178</sup> Indeed, the Federal Circuit was formed in 1982 in response to a similar situation: uncertainty and forum shopping due to varying judicial interpretations of patent laws in the appellate circuits.<sup>179</sup>

#### 1. Traditional appeal

The first and most obvious method of obtaining appellate review is an appeal after final judgment.<sup>180</sup> However, the Federal Circuit recognizes this traditional form of appellate review is inadequate in the context of waiver determinations.<sup>181</sup> After final judgment, privileged information has already been disclosed, and no adequate remedy is available to undo any resulting harm.<sup>182</sup> Furthermore, it is substantially important to the administration of justice to maintain the proper extent of the attorney-client privilege.<sup>183</sup>

#### \*354 2. Interlocutory appeal

While [“controlling question of law”] is often understood to mean that resolution of the issue will resolve the action entirely, it has a much broader meaning in the context of section 1292(b). Of course, if resolution of the question being challenged An alleged willful infringer might instead seek interlocutory appeal of a waiver determination. A district judge, under 28 U.S.C. § 1292(b), may certify for immediate appeal an order “not otherwise appealable” when the order “involves a controlling question of law as to which there is substantial ground for difference of opinion and . . . an immediate appeal from the order may materially advance the ultimate termination of the litigation.”<sup>184</sup>

Although the Federal Circuit has not reviewed a certified interlocutory appeal of a waiver determination related to the advice-of-counsel defense to a willfulness charge, it has reviewed a denial of certification for interlocutory appeal in the same circumstances. In *Quantum Corp. v. Tandon Corp.*,<sup>185</sup> the court affirmed the denial “because, while important, the questions of law involved may not be controlling and in any event, [their] early appellate resolution would not likely materially advance the ultimate termination of the litigation.”<sup>186</sup> Beyond this conclusory language, however, the court did not explain its holding of denial affirming the certification.

The Federal Circuit should more fully consider the issue at stake in *Quantum*; indeed, it may be forced to do so if a district court certifies an interlocutory appeal of a waiver determination. A large factor supporting certification, and one not addressed in *Quantum*, is the increasingly conflicting treatments of the question of law in the district courts. District court decisions vary on the issue of the scope of waiver resulting from the advice-of-counsel defense, so much so that it is obvious that there is a substantial ground for difference of opinion. The appropriateness of interlocutory appeal is also reinforced by the fact that the scope of waiver would still be one of first impression in the Federal Circuit, twelve years after the *Quantum* court declined to review the question.

Another reason the Federal Circuit should reexamine this issue is that in *Quantum* the court may have overlooked one interpretation of the statute governing interlocutory appeal. The cursory treatment of the issue may reflect the statutory language, which on its face appears to foreclose interlocutory appeal of a waiver determination. According to the statute, only a “controlling question of law” may be certified.<sup>187</sup> A waiver determination, while a question of law, does not automatically terminate a case, at least not to the same extent as determinations of standing, \*355 jurisdiction, and venue, a few of the traditional matters appropriate for interlocutory appeal.<sup>188</sup> However, immediate termination of the case may not be an actual requirement:

on appeal will terminate the action in the district court, it is clearly controlling . . . Under the statutory framework, however, a question of law need not completely dispose of the litigation in order to be “controlling.” Because the courts treat the statutory criteria for discretionary appeals in a unitary manner, they look for a “controlling” question that has the potential of substantially accelerating disposition of the litigation.<sup>189</sup>

Thus, some courts “require only that the appeal present a controlling question of law on an issue whose determination may materially advance the ultimate termination of the case.”<sup>190</sup> Consistent with this interpretation, several appellate courts have recognized that interlocutory appeals of discovery orders are sometimes proper.<sup>191</sup> If the Federal Circuit adopted this view, interlocutory appeal of waiver determinations would be proper.

Admittedly, an alternate understanding of Quantum is that the Federal Circuit does in fact require that the appealed question immediately terminate the litigation, even if it did not say as much.<sup>192</sup> In short, the issue is debatable, largely because of the Federal Circuit’s summary affirmation in Quantum. Therefore, the Federal Circuit should revisit the issue.

### 3. Cohen collateral order doctrine

Yet another option would be for the Federal Circuit to review a waiver determination under the Cohen collateral order doctrine.<sup>193</sup> This doctrine enables appellate review of an order that conclusively determines an important, disputed issue that is completely separate from the merits of the case and effectively unreviewable on appeal from a final judgment.<sup>194</sup>

However, again in Quantum, the Federal Circuit specifically rejected the use of the collateral order doctrine to gain appellate review of a waiver determination in \*356 the willfulness context.<sup>195</sup> The court reasoned that waiver determinations are effectively reviewable on appeal from a final judgment.<sup>196</sup> Furthermore, in a footnote the court suggested that these determinations “may present issues not completely separate from the merits and thus . . . are not truly collateral under . . . the Cohen doctrine.”<sup>197</sup> The court essentially adhered to the general rule that discovery orders are not appealable orders.<sup>198</sup>

Thus, to grant review of a waiver determination under the collateral order doctrine, the Federal Circuit would have to reverse its decision in Quantum. The Federal Circuit should do just that. First, in Quantum the court did not deny that waiver determinations are important, disputed issues.<sup>199</sup> Indeed, in light of the numerous and distinct trial court decisions in this area, one could hardly question either the significance parties place on this issue or the disagreement that exists among trial courts.

Second, the court did not unequivocally decide whether waiver determinations present an issue completely separate from the merits.<sup>200</sup> The court’s language on this factor was ambiguous, conclusory, and present only in a footnote.<sup>201</sup> Furthermore, the effect of waiver determinations on the *ex ante* expectations of parties and opinion drafters presents an issue completely separate from the merits of any one particular case, especially given the present uncertainty in this area of the law.

Third, the sole ground the court relied upon to deny review--that waiver determinations are effectively reviewable on appeal from a final judgment--has been recanted by the Federal Circuit. More recent Federal Circuit decisions admit that waiting until final judgment to appeal discovery orders implicating protected material is ineffective because irreparable harm occurs when the information in question is released prior to appeal.<sup>202</sup> In fact, waiver determinations are effectively unreviewable on appeal from a final judgment. Although traditional appeals are technically possible, almost twelve years have passed since Quantum was decided, and the scope of waiver resulting from reliance on advice of counsel has still not been reviewed on appeal from a final judgment despite the plethora of district court decisions on the issue.

\*357 In short, the Federal Circuit should reverse Quantum and follow the example of the Third Circuit, which has recognized appellate review of attorney-client privilege and work-product doctrine issues under the collateral order doctrine.<sup>203</sup> Given the Federal Circuit’s desire to keep the class of cases falling within the collateral order doctrine small and the concomitant fear of “a flood of piecemeal appeals,”<sup>204</sup> the Federal Circuit could limit such a decision to the particular facts of the case, including the present disarray regarding the scope of waiver resulting from the advice-of-counsel defense.

### 4. Mandamus

Mandamus is another tool available to an alleged willful infringer to obtain appellate review of a trial court decision on the scope of waiver.<sup>205</sup> While a party seeking a writ of mandamus bears the burden of proving no other course of relief is attainable and that its right to a writ is “clear and indisputable,”<sup>206</sup> the Federal Circuit has recognized that “[t]he remedy of mandamus may be appropriate to prevent the wrongful exposure of privileged communications.”<sup>207</sup> Mandamus may also be appropriate when an issue of first impression is involved, attorney-client privilege would be lost if review were denied, and resolution of the issue would avoid the development of a doctrine that undermines the privilege.<sup>208</sup>

Relief in the form of mandamus may be appropriate here. Traditional appellate review of decisions on the scope of waiver only rarely occur, and even if review occurred after a final judgment, the attorney-client privilege and possibly work-product

immunity would be irretrievably lost without adequate remedy. Furthermore, the scope of the waiver resulting from the assertion of the advice-of-counsel defense to an allegation of willful infringement would present an issue of first impression. In light of the various trial court decisions in this area, resolution of the issue would prevent further undermining of these doctrines.

However, the Supreme Court and the Federal Circuit have held that a decision committed to the discretion of the trial court cannot be said to give litigants a “clear \*358 and indisputable” right to a writ.<sup>209</sup> “[O]nly when there has been a clear abuse of discretion or usurpation of judicial authority in the grant or denial of the order” is mandamus appropriate.<sup>210</sup> The scope of waiver is a decision within the discretion of the trial court.<sup>211</sup> Therefore, the district court decision on the scope of waiver would have to be a clear abuse of discretion. Given the diverse district court decisions in this area, convincing the Federal Circuit that a trial court ruling on the scope of waiver was an abuse of discretion or was clearly and indisputably wrong may be difficult.

Nevertheless, a decision to exercise mandamus would be consistent with Federal Circuit precedent, which includes an issuance of a writ of mandamus to a district court to vacate a magistrate judge’s order to disclose an invention record over the attorney-client privilege.<sup>212</sup> Mandamus would also be consistent with Third Circuit precedent, which recognizes that mandamus is an appropriate procedural mechanism to review attorney-client privilege and work product doctrine protection issues.<sup>213</sup>

## 5. Appeal of a contempt citation

A last procedure an attorney might take before disclosing work product is to refuse to comply with a discovery order and to appeal a subsequent contempt citation.<sup>214</sup> For obvious reasons this procedure is not recommended, even as a last resort.

## V. Conclusion

The Federal Circuit has abdicated its authority to govern a substantive issue that is unique to patent law: what scope of waiver results from the advice-of-counsel defense to a charge of willful patent infringement. As a result, parties and trial courts redundantly reinvent the scope of the waiver, and district courts have splintered on the issue. The different approaches to the waiver doctrine may reflect different levels of confidence judges place in the ethical and professional responsibilities of opinion writers. Regardless of whatever substantive approach might be adopted on appeal, for the sake of clarity in the law, certainty in the expectations of parties seeking opinions of counsel, efficiency, judicial economy, and justice, the Federal Circuit should finally review a decision in this area of patent law. The \*359 Federal Circuit should assert its jurisdiction under interlocutory appeal, the Cohen collateral order doctrine, or by considering a writ of mandamus. In the meantime, magistrate and district judges should bifurcate trials involving willfulness and opinions-of-counsel and certify interlocutory appeals of waiver determinations.

## Footnotes

<sup>1</sup> Associate, Baker Botts L.L.P., J.D., 2003, Harvard Law School; B.S. Mechanical Engineering, 1999, Texas A&M University. I thank my advisor William F. Lee, Managing Partner of Hale and Dorr L.L.P., for his contagious enthusiasm for and extensive knowledge of the field of patent law, for pointing me to the topic this paper addresses, as well as for the helpful instruction and feedback he provided me. I also thank Harvard Law School Professor David B. Wilkins for his helpful comments. My wonderful wife Rachel deserves the most thanks--for putting up with me throughout this endeavor, and more generally for supporting me and sacrificing for me during our stay in Cambridge.

<sup>2</sup> “[T]he court may increase the damages up to three times the amount found or assessed.” 35 U.S.C. § 284 (2000).

<sup>3</sup> “The court in exceptional cases may award reasonable attorney fees to the prevailing party.” See *id.* § 285 (2000).

<sup>4</sup> See *Read Corp. v. Portec, Inc.*, 970 F.2d 816, 826, 23 U.S.P.Q.2d (BNA) 1426, 1434-35 (Fed. Cir. 1992) (willfulness justifies enhanced damages); *Rohm & Haas Co. v. Crystal Chem. Co.*, 736 F.2d 688, 691, 222 U.S.P.Q. (BNA) 97, 99 (Fed. Cir. 1984)

(willfulness justifies attorney's fees). However, it should be noted that a finding of willfulness does not require the enhancement of damages or the awarding of attorney's fees. *Jurgens v. CBK, Ltd.*, 80 F.3d 1566, 1573, 38 U.S.P.Q.2d (BNA) 1397, 1402 (Fed. Cir. 1996).

<sup>4</sup> John Dragseth, Note, Coerced Waiver of the Attorney-Client Privilege for Opinions of Counsel in Patent Litigation, 80 Minn. L. Rev. 167 n.2 (1995) ("A recent study of patent cases from 1982-1994 found that, of 177 cases awarding damages, 61 resulted in damages between \$1 million and \$10 million and 25 resulted in damages over \$10 million."); see Julie L. David & Allison C. Moran, An Historical Look at Patent Infringement Damage Awards, in *Intellectual Property Infringement Damages* 3, 6 (Supp. 1995); see also *Minn. Mining and Mfg. Co. v. Johnson & Johnson Orthopedics, Inc.*, 976 F.2d 1559, 1563, 24 U.S.P.Q.2d (BNA) 1321, 1324 (Fed. Cir. 1992) (affirming an award of more than \$106 million); *Polaroid Corp. v. Eastman Kodak Co.*, 16 U.S.P.Q.2d (BNA) 1481, 1541 (D. Mass. 1990) (awarding more than \$900 million); cf. *Litton Indus. Inc. v. Honeywell Inc.*, No. 90-4823, 1995 WL 366468, at \*56 (C.D. Cal. Jan. 6, 1995) (granting defendant's renewed motion for judgment as a matter of law and vacating \$1.2 billion jury verdict). Moreover, media attention to damage awards in the hundreds of millions of dollars may influence public perception of the average size of damage awards. See, e.g., Ron Winslow & Laura Johannes, *Johnson & Johnson Wins \$324.4 Million In Patent Suit Against Boston Scientific*, Wall St. J., Dec. 18, 2000, at B4.

<sup>5</sup> See 35 U.S.C. § 284.

<sup>6</sup> Taking even a relatively simple patent infringement lawsuit to trial can easily cost a patent owner \$1 million or more. Terence P. Ross, *Intellectual Property Law: Damages and Remedies* § 8.01 (2000). More complex technology or other factors may raise the cost to \$2 million or more. See Richard P. Beem, *Recovering Attorney Fees & Damages When Defending Against Bad Faith Patent Litigation*, 80 J. Pat. & Trademark Off. Soc'y 81 n.2 (1998) (citing AIPLA, 1997 Report of Economic Survey 72, table 24b). Of course, spending on patent infringement litigation also directly correlates to the amount of money at risk. See AIPLA, 2001 Report of Economic Survey 84-85, table 22.

<sup>7</sup> *Gustafson, Inc. v. Intersystems Indus. Prods., Inc.*, 897 F.2d 508, 510, 13 U.S.P.Q.2d (BNA) 1972, 1974 (Fed. Cir. 1990).

<sup>8</sup> *SRI Int'l, Inc. v. Advanced Tech. Labs., Inc.*, 127 F.3d 1462, 1465, 44 U.S.P.Q.2d (BNA) 1422, 1424 (Fed. Cir. 1997).

<sup>9</sup> However, reversals of willfulness determinations are not as rare as one might think, at least if one thinks clearly erroneous is the standard the Federal Circuit applies in fact. See, e.g., *Jurgens*, 80 F.3d at 1570, 38 U.S.P.Q.2d at 1403 (vacating and remanding judge's decision not to impose enhanced damages after jury found willfulness); *Graco, Inc. v. Binks Mfg. Co.*, 60 F.3d 785, 792-94, 35 U.S.P.Q.2d (BNA) 1255, 1260-62 (Fed. Cir. 1995) (reversing finding of willfulness); *Westvaco Corp. v. Int'l Paper Co.*, 991 F.2d 735, 743, 26 U.S.P.Q.2d (BNA) 1353, 1360 (Fed. Cir. 1993) (reversing finding of willfulness); *L.A. Gear, Inc. v. Thom McAn Shoe Co.*, 988 F.2d 1117, 1127, 38 U.S.P.Q.2d (BNA) 1913, 1920 (Fed. Cir. 1993) (reversing finding of no willfulness); *Read*, 970 F.2d at 826-30, 23 U.S.P.Q.2d at 1434-38 (reversing finding of willfulness); *Gustafson*, 897 F.2d at 510, 13 U.S.P.Q.2d at 1975 (reversing finding of willfulness). But see *Vulcan Eng'g Co. v. FATA Aluminum, Inc.*, 278 F.3d 1366, 1378, 61 U.S.P.Q.2d (BNA) 1545, 1553 (Fed. Cir. 2002) (affirming finding of no willfulness); *Crystal Semiconductor Corp. v. Tritech Microelectronics Int'l, Inc.*, 246 F.3d 1336, 1352, 57 U.S.P.Q.2d (BNA) 1953, 1961 (Fed. Cir. 2001) (affirming finding of willfulness); *SRI*, 127 F.3d at 1468, 44 U.S.P.Q.2d at 1427 (affirming finding of willfulness); *Minn. Mining and Mfg.*, 976 F.2d 1559, 24 U.S.P.Q.2d 1321 (affirming finding of willfulness); *Ortho Pharm. Corp. v. Smith*, 959 F.2d 936, 944, 22 U.S.P.Q.2d (BNA) 1119, 1128 (Fed. Cir. 1992) (affirming finding of no willfulness); *Underwater Devices Inc. v. Morrison-Knudsen Co.*, 717 F.2d 1380, 1389-90, 219 U.S.P.Q. (BNA) 569, 576-77 (Fed. Cir. 1983) (affirming finding of willfulness).

<sup>10</sup> Marcia H. Sundeen, *The Willfulness Issue in Patent Litigation*, 721 PLI/Pat. 703, 707 (2002).

<sup>11</sup> Though I am not aware of any empirical data to support the assumption, the trebling of damages probably strikes more fear in alleged infringers than the awarding of attorney's fees. This is due to potentially greater monetary consequences from the former. This subsection therefore focuses the issue of willfulness on how it relates to enhanced damages.

<sup>12</sup> See *SRI*, 127 F.3d at 1468, 44 U.S.P.Q.2d at 1427.

<sup>13</sup> See *id.*

<sup>14</sup> See *id.* (citing *Seymour v. McCormick*, 57 U.S. (16 How.) 480, 488-89 (1853)).

<sup>15</sup> 35 U.S.C § 284.

<sup>16</sup> See SRI, 127 F.3d at 1468, 44 U.S.P.Q.2d at 1427.

<sup>17</sup> See *id.*

<sup>18</sup> Jurgens, 80 F.3d at 1570, 46 U.S.P.Q.2d at 1399.

<sup>19</sup> *Cybor Corp. v. FAS Techs., Inc.*, 138 F.3d 1448, 1461, 46 U.S.P.Q.2d (BNA) 1169, 1179 (Fed. Cir. 1998).

<sup>20</sup> Gustafson, 897 F.2d at 510-11, 13 U.S.P.Q.2d at 1974.

<sup>21</sup> *Id.* at 510, 13 U.S.P.Q.2d at 1974; see also *Ortho Pharm.*, 959 F.2d at 944, 22 U.S.P.Q.2d at 1126.

<sup>22</sup> Read, 970 F.2d at 828, 23 U.S.P.Q.2d at 1436.

<sup>23</sup> SRI, 127 F.3d at 1465, 44 U.S.P.Q.2d at 1424.

<sup>24</sup> It is important to note that the objective approach does not direct an inquiry into the reasonableness of the attorney's actions or opinion from the standard of a reasonable patent attorney. The question is instead the reasonableness of the infringer's reliance on the opinion.

<sup>25</sup> See, e.g., SRI, 127 F.3d at 1465, 44 U.S.P.Q.2d at 1424 ("[T]he issue of willfulness not only raises issues of reasonableness and prudence, but is often accompanied by questions of intent, belief, and credibility.").

<sup>26</sup> Jurgens, 80 F.3d at 1570, 38 U.S.P.Q.2d at 1399.

<sup>27</sup> The factors include:

- (1) whether deliberate copying occurred;
- (2) whether the infringer investigated the patent and formed a good-faith belief in invalidity or noninfringement thereof;
- (3) the infringer's behavior during litigation;
- (4) the infringer's size and financial condition;
- (5) the closeness of the case;
- (6) the duration of the infringer's misconduct;
- (7) any remedial action taken by the infringer;
- (8) the infringer's motivation for harm; and
- (9) whether the infringer attempted to conceal misconduct.

Read, 970 F.2d at 826-27, 23 U.S.P.Q.2d at 1435-36. Note that not all of these factors directly relate to the issue of willfulness.

<sup>28</sup> *Id.* at 826, 23 U.S.P.Q.2d at 1435.

<sup>29</sup> Id.

<sup>30</sup> See *Vulcan Eng'g*, 278 F.3d at 1378, 61 U.S.P.Q.2d at 1553.

<sup>31</sup> For a detailed discussion on the purpose of increased damage awards, see <sup>7</sup> Donald S. Chisum, *Chisum on Patents* § 20.03[4][b][iii] (2002).

<sup>32</sup> *SRI*, 127 F.3d at 1468, 44 U.S.P.Q.2d at 1427.

<sup>33</sup> *Ortho Pharm.*, 959 F.2d at 944, 22 U.S.P.Q.2d at 1125.

<sup>34</sup> Id.

<sup>35</sup> See *Kloster Speedsteel AB v. Crucible Inc.*, 793 F.2d 1565, 1580 n.11, 230 U.S.P.Q. (BNA) 81, 91 n.11 (Fed. Cir. 1986).

<sup>36</sup> Another way in which due care may be exercised is attempting to design around a patent. See *SRI*, 127 F.3d at 1465, 44 U.S.P.Q.2d at 1424.

<sup>37</sup> See, e.g., *Vulcan Eng'g*, 278 F.3d at 1378, 61 U.S.P.Q.2d at 1553; *Minn. Mining and Mfg.*, 976 F.2d at 1580, 24 U.S.P.Q.2d at 1339; *Ortho Pharm.*, 959 F.2d at 944, 22 U.S.P.Q.2d at 1125; *Read*, 970 F.2d at 828, 23 U.S.P.Q.2d at 1437.

<sup>38</sup> Technically the opinion of counsel may be oral, but the Federal Circuit has discouraged oral opinions. See *Minn. Mining and Mfg.*, 976 F.2d at 1580, 24 U.S.P.Q.2d at 1339.

<sup>39</sup> See *Ortho Pharm.*, 959 F.2d at 944, 22 U.S.P.Q.2d at 1126.

<sup>40</sup> Id.; *Minn. Mining and Mfg.*, 976 F.2d at 1580-81, 24 U.S.P.Q. at 1339.

<sup>41</sup> *Ortho Pharm.*, 959 F.2d at 944, 22 U.S.P.Q.2d at 1126.

<sup>42</sup> Id.

<sup>43</sup> Id.

<sup>44</sup> Again, note that the issue is not the reasonableness of the opinion itself.

<sup>45</sup> *Ortho Pharm.*, 959 F.2d at 944, 22 U.S.P.Q. at 1126.

<sup>46</sup> *Westvaco*, 991 F.2d at 743, 26 U.S.P.Q.2d at 1360.

<sup>47</sup> See Jurgens, 80 F.3d at 1572, 38 U.S.P.Q.2d at 1402.

<sup>48</sup> Id. Note that the word “competence” obscures the issue because its literal meaning might make the reasonableness of the opinion itself the central inquiry, not the reasonableness of the infringer’s reliance on the opinion. Another way of pointing out the ambiguity is by raising the question: from whose perspective is competency analyzed? A reasonable attorney? A reasonable party? The alleged infringer in the particular case? “The issue is whether the client honestly and reasonably relied on advice of counsel, not whether the attorney giving the advice was competent or even intellectually honest.” *Eco Mfg. L.L.C. v. Honeywell Int’l, Inc.*, No. 1:03-CV-0170-DFH, 2003 WL 1888988, at \*5 (S.D. Ind. Apr. 11, 2003) (trademark case). The Read court addresses this ambiguity.

<sup>49</sup> Read, 970 F.2d at 828-29, 23 U.S.P.Q.2d at 1436-37 (citations omitted).

<sup>50</sup> Whether an alleged infringer is actually relying on the advice-of-counsel defense is an oft-litigated matter. See, e.g., *Solaia Tech. L.L.C. v. Jefferson Smurfit Corp.*, No. 01C6641, 2002 U.S. Dist. LEXIS 14562 (N.D. Ill. Aug. 7, 2002) (refusing to order an alleged willful infringer to decide whether it would rely on the advice-of-counsel defense).

<sup>51</sup> James Y. Go, Comment, Patent Attorneys and the Attorney-Client Privilege, 35 Santa Clara L. Rev. 611, 638-39 (1995).

<sup>52</sup> As two commentators have noted, the decision whether to assert an advice-of-counsel defense presents a “damned if you do, damned if you don’t” situation. M. Patricia Thayer & Elizabeth A. Brown, *Tendering Advice of Counsel in Patent Litigation: Damned if You Do, Damned if You Don’t*, 9 No. 18 Andrews Intell. Prop. Litig. Rep. 9 (2003).

<sup>53</sup> L.A. Gear, 988 F.2d at 1126, 25 U.S.P.Q.2d at 1919. However, note that the Federal Circuit is currently reviewing this practice. *Knorr-Bremse Systeme Fuer Nutzfahrzeuge GmbH v. Dana Corp.*, 344 F.3d 1336, 68 U.S.P.Q.2d (BNA) 1383 (Fed. Cir. 2003) (granting en banc review).

<sup>54</sup> L.A. Gear, 988 F.2d at 1126, 25 U.S.P.Q.2d at 1919.

<sup>55</sup> Id.; *Fromson v. W. Litho Plate and Supply Co.*, 853 F.2d 1568, 1572-73, 7 U.S.P.Q.2d (BNA) 1606, 1610-11 (Fed. Cir. 1988); *Kloster Speedsteel*, 793 F.2d at 1580, 230 U.S.P.Q. at 91. But see *Knorr-Bremse*, 344 F.3d 1336, 68 U.S.P.Q.2d 1383.

<sup>56</sup> *Fromson*, 853 F.2d at 1572-73, 7 U.S.P.Q.2d at 1611; *Kloster Speedsteel*, 793 F.2d at 1580, 230 U.S.P.Q.2d at 91. But see *Knorr-Bremse*, 344 F.3d 1336, 68 U.S.P.Q.2d 1383. Note that the two inferences are quite distinct. For example, if the trier of fact makes the former inference, the damage might be mitigated by pointing to some other form of due care. However, if the latter inference is made, it might theoretically outweigh any other form of due care taken. Regardless of which inference is invoked, however it is clear that one advantage of invoking the defense is avoiding either of these negative inferences.

<sup>57</sup> See generally Jared S. Goff, Comment, *The Unpredictable Scope of the Waiver Resulting from the Advice-of-Counsel Defense to Willful Patent Infringement*, 1998 BYU L. Rev. 213.

<sup>58</sup> Id.

<sup>59</sup> See *United States v. Ziegler Bolt & Parts Co.*, 111 F.3d 878, 883 (Fed. Cir. 1997).

<sup>60</sup> Thayer & Brown, *supra* note 52.

<sup>61</sup> See e.g., 5 Jeremy Bentham, *The Rationale of Judicial Evidence* 302-12 (Garland Pub. 1978) (arguing that the attorney-client privilege only benefits the guilty and therefore encourages lawlessness). See generally Daniel R. Fischel, *Lawyers and*

Confidentiality, 65 U. Chi. L. Rev. 1, 3 (1998) (“The legal profession, not clients or society as a whole, is the primary beneficiary of confidentiality rules.”); Louis Kaplow & Steven Shavell, Legal Advice About Information to Present in Litigation: Its Effects and Social Desirability, 102 Harv. L. Rev. 567 (1989) (questioning the need for the attorney-client privilege and other rules of confidentiality because the rules further the unfounded assumption that legal advice tends to promote socially desirable behavior).

<sup>62</sup> See Fed. R. Evid. 501; Dragseth, *supra* note 4, at 179.

<sup>63</sup> See Fed. R. Civ. P. 26(b)(3).

<sup>64</sup> See, e.g., *Upjohn Co. v. United States*, 449 U.S. 383 (1981).

<sup>65</sup> See generally *Go*, *supra* note 51 (analyzing the attorney-client privilege as it relates to patent attorneys).

<sup>66</sup> *Upjohn*, 449 U.S. at 389.

<sup>67</sup> *Id.*

<sup>68</sup> *Id.* However, while a *per se* privilege applies to confidential communications made by clients to their attorneys for the purpose of obtaining legal advice, “[w]hether the privilege protects the legal advice given or other communications from the attorney to the client depends on circumstance.” *Am. Standard, Inc. v. Pfizer Inc.*, 828 F.2d 734, 745, 3 U.S.P.Q.2d (BNA) 1817, 1824 (Fed. Cir. 1987) (emphasis added).

<sup>69</sup> *Upjohn*, 449 U.S. at 389.

<sup>70</sup> See, e.g., *United States v. United Shoe Mach. Corp.*, 89 F. Supp. 357, 85 U.S.P.Q. (BNA) 5. (D. Mass. 1950) (finding attorney-client privilege did not apply to patent attorneys because they were not acting as attorneys in the course of their employment); *Zenith Radio Corp. v. Radio Corp. of Am.*, 121 F. Supp. 792, 794, 101 U.S.P.Q. (BNA) 316, 318 (D. Del. 1954) (finding that patent attorneys do not act as lawyers when working with technical subjects).

<sup>71</sup> See *Sperry v. Florida ex rel. Florida Bar*, 373 U.S. 379, 137 U.S.P.Q. (BNA) 578 (1963).

<sup>72</sup> See Fed. R. Evid. 501; Dragseth, *supra* note 4, at 179-80.

<sup>73</sup> See, e.g., *Am. Standard*, 828 F.2d at 745, 3 U.S.P.Q.2d at 1824-25.

<sup>74</sup> The privilege actually extends to patent agents as well. See generally *Sperry*, 373 U.S. at 383-84, 137 U.S.P.Q.2d at 579-80.

<sup>75</sup> The client owns the attorney-client privilege; therefore only the client or an authorized agent or attorney of the client may waive the privilege. Charles Tilford McCormick, *McCormick on Evidence* §§ 92-93 (5th ed. 1999). In the corporate setting, the board of directors ultimately retains discretion to make waiver decisions. *Id.* § 93.

<sup>76</sup> See, e.g., *Winbond Elecs. Corp. v. ITC*, 262 F.3d 1363, 1376, 60 U.S.P.Q.2d (BNA) 1029, 1038 (Fed. Cir. 2001) (reaffirming holding that a patentee’s inadvertent waiver of attorney-client privilege in a patent infringement suit is a general waiver “for all purposes”); *Greene, Tweed of Delaware, Inc. v. Dupont Dow Elastomers, L.L.C.*, 202 F.R.D. 418, 420 (E.D. Pa. 2001) (parties agreed that advice-of-counsel defense waived attorney-client privilege).

77 329 U.S. 495 (1947). The question presented to the Court in *Hickman* was whether the Federal Rules of Civil Procedure, as then-existed, authorized a party to “inquire into materials collected by an adverse party’s counsel in the course of preparation for possible litigation.” *Id.* at 505. After dismissing the applicability of the attorney-client privilege to these types of materials (*Id.* at 508), the Court read an implicit requirement into the rules that, to compel disclosure of work product, the party seeking disclosure bears the burden of showing either the necessity of disclosure or the hardship or injustice of nondisclosure. *Id.* at 509-12.

78 The relevant portion of the current version of Federal Rule of Civil Procedure 26(b)(3) provides that:  
Subject to the provisions of subdivision (b)(4) of this rule [concerning expert witnesses], a party may obtain discovery of documents and tangible things otherwise discoverable under subdivision (b)(1) of this rule [concerning relevance and privilege] and prepared in anticipation of litigation or for trial by or for another party or by or for that other party’s representative (including the other party’s attorney, consultant, surety, indemnitee, insurer, or agent) only upon a showing that the party seeking discovery has substantial need of the materials in the preparation of the party’s case and that the party is unable without undue hardship to obtain the substantial equivalent of the materials by other means. In ordering discovery of such materials when the required showing has been made, the court shall protect against disclosure of the mental impressions, conclusions, opinions, or legal theories of an attorney or other representative of a party concerning the litigation.  
*Fed. R. Civ. P.* 26(b)(3).

79 See *id.*; *Hickman*, 329 U.S. at 511.

80 See *Fed. R. Civ. P.* 26(b)(3).

81 *Hickman*, 329 U.S. at 508.

82 *Fed. R. Civ. P.* 26(b)(3).

83 *Hickman*, 329 U.S. at 510-11.

84 *Id.* at 511.

85 *Id.*

86 *Id.*

87 *Id.*

88 *Id.* at 513.

89 *Fed. R. Civ. P.* 26(b)(3).

90 Cf. *Winbond Elecs.*, 262 F.3d 1363, 60 U.S.P.Q.2d 1029 (affirming trial judge’s determination of the temporal scope of the waiver of work-product protection).

91 Versions of this question have arisen in numerous recent analyses of various issues related to patent litigation. See, e.g., William M. Atkinson et al., *Opinions of Counsel: Why, When and How To*, 715 PLI/Pat. 289 (2002); Madeline F. Baer et al., *Willful Patent Infringement*, 721 PLI/Pat. 639 (2002); Sharon A. Israel & Jason W. Cook, *Preparing Patent Invalidity Opinions*, 715 PLI/Pat. 169 (2002); Edward G. Poplawski, *Effective Preparation of Patent-Related Exculpatory Legal Opinions*, 715 PLI/Pat. 387 (2002); Stephen A. Soffen & J. Anthony Lovensheimer, *Discovery and Use of Opinions in Litigation*, 667 PLI/Pat. 507 (2001);

Sundeen, *supra* note 10; Thayer & Brown, *supra* note 52; Vicki S. Veenker, Litigating the Willfulness Charge, 721 PLI/Pat. 619 (2002).

92 See BASF AG v. Reilly Indus., Inc., 283 F. Supp. 2d 1000, 1008 (S.D. Ind. 2003); Chimie v. PPG Indus., Inc., 218 F.R.D. 416, 420 (D. Del. 2003); Eco Mfg., 2003 WL 1888988, at \*8 (trademark case); Michlin v. Canon, Inc., 208 F.R.D. 172 (E.D. Mich. 2002); Motorola, Inc. v. Vosi Techs., Inc., No. 01-C4182, 2002 U.S. Dist. LEXIS 15655 (N.D. Ill. Aug. 22, 2002); Dentsply Int'l, Inc. v. Great White, Inc., 132 F. Supp. 2d 310 (M.D. Pa. 2000); Med. Techs., Inc. v. AGA Med. Corp., 135 F. Supp. 2d 212 (D. Mass. 2000); Nitinol Carl Zeiss Jena GMBH v. Bio-Rad Labs. Inc., No. 98 CIV. 8012 (RCC)(DFE), 2000 U.S. Dist. LEXIS 10044 (S.D.N.Y. July 19, 2000); Thermos Co. v. Starbucks Corp., No. 96-C3833, 1998 U.S. Dist. LEXIS 17753 (N.D. Ill. Nov. 4, 1998); Steelcase Inc. v. Haworth, Inc., 954 F. Supp. 1195, 43 U.S.P.Q.2d (BNA) 1041 (W.D. Mich. 1997); Thorn EMI N. Am., Inc. v. Micron Tech., Inc., 837 F. Supp. 616, 29 U.S.P.Q.2d (BNA) 1872 (D. Del. 1993).

93 837 F. Supp. 616, 29 U.S.P.Q.2d 1872.

94 *Id.* at 620-21, 29 U.S.P.Q.2d at 1875.

95 *Id.* at 621, 29 U.S.P.Q.2d at 1875-76.

96 *Id.* at 622, 29 U.S.P.Q.2d at 1876.

97 *Id.*

98 See, e.g., Motorola, 2002 U.S. Dist. LEXIS 15655, at \*5-6 (“Vosi has agreed to the second limitation proposed by Motorola: that any waiver be limited to matters that were actually communicated to Motorola, and should not include counsel’s mental impressions, thought processes, and work product that were not communicated to Motorola.”).

99 Dunhall Pharm., Inc. v. Discus Dental, Inc., 994 F. Supp. 1202, 1205, 46 U.S.P.Q.2d (BNA) 1365, 1368 (C.D. Cal. 1997).

100 Chiron Corp. v. Genentech, Inc., 179 F. Supp. 2d 1182, 1189 (E.D. Cal. 2001).

101 See Aspex Eyewear, Inc. v. E’lite Optik, Inc., 276 F. Supp. 2d 1084 (D. Nev. 2003); KW Muth Co. v. Bing-Lear Mfg. Group, 219 F.R.D. 554 (E.D. Mich. 2003); Verizon California Inc. v. Ronald A. Katz Technology Licensing, L.P., 266 F. Supp. 2d 1144 (C.D. Cal. 2003); Novartis Pharm. Corp. v. Eon Labs Mfg., Inc., 206 F.R.D. 396 (D. Del. 2002); Chiron, 179 F. Supp. 2d 1182; Greene, Tweed of Delaware, 202 F.R.D. 418; Dunhall Pharm., 994 F. Supp. 1202, 46 U.S.P.Q.2d 1365; Mushroom Assocs. v. Monterey Mushrooms, Inc., 24 U.S.P.Q.2d (BNA) 1767 (N.D. Cal. 1992); RCA Corp. v. Data Gen. Corp., No. 84-270-JJF, 1986 U.S. Dist. LEXIS 23244 (D. Del. July 2, 1986); cf. Handgards, Inc. v. Johnson & Johnson, 413 F. Supp. 926, 192 U.S.P.Q. (BNA) 316 (N.D. Cal. 1976).

102 See, e.g., Mushroom Assocs., 24 U.S.P.Q.2d at 1771 (“Discovery of mental impression work product may be the only way to have access to the circumstances and factors surrounding the advice.”).

103 *Id.*

104 *Id.*

105 *Id.*

106       Id.

107       Steelcase, 954 F. Supp. at 1199, 43 U.S.P.Q.2d at 1044.

108       Id.

109       206 F.R.D. 396, 398 (D. Del. 2002).

110       Id.

111       2002 U.S. Dist. LEXIS 15655.

112       Id. at \*3.

113       Id.

114       On the other hand, one situation in which the complete waiver appears justified beyond reasonable objection involves oral opinions. Two recent cases involving oral opinions ended in the complete waiver. See KW Muth, 219 F.R.D. 554; Aspex, 276 F. Supp. 2d 1084.

115       D.O.T. Connectors, Inc. v. J.B. Nottingham & Co., No. 4:99cv311-WS, 2001 U.S. Dist. LEXIS 735 (N.D. Fla. Jan. 22, 2001); Cordis Corp. v. SciMed Life Sys., Inc., 980 F. Supp. 1030 (D. Minn. 1997). Two recent opinions, one determining the scope of waiver as applied to disclosure of an opinion regarding trademark infringement, recognize this third approach. See Eco Mfg., 2003 WL 1888988, at \*8 (trademark case); KW Muth, 219 F.R.D. at 573 (patent case)

116       Cordis, 980 F. Supp. 1030.

117       Id. at 1033.

118       Id.

119       Id.

120       Id. at 1034.

121       Id. at 1034 n.1 (emphasis added).

122       2001 U.S. Dist. LEXIS 739 (granting defendant's motion to compel).

123       Id. at \*10.

124       Upjohn, 449 U.S. at 401-02.

125 Comark Comms., Inc. v. Harris Corp., 156 F.3d 1182, 1191, 48 U.S.P.Q.2d (BNA) 1001, 1009 (Fed. Cir. 1998).

126 Of course, every court adopting the communications waiver implicitly rejects disclosure of fact work product.

127 135 F. Supp. 2d 212 (D. Mass. 2000).

128 Id. at 213.

129 Id. at 218.

130 See, e.g., ACLARA Biosciences, Inc. v. Caliper Techs. Corp., No. C99-1968 CRB (JCS), 2000 U.S. Dist. LEXIS 10585, at \*44 (N.D. Cal. Jun. 16, 2000).

131 See, e.g., Mushroom Assocs., 24 U.S.P.Q.2d at 1768 n.1.

132 Akeva L.L.C. v. Mizuno Corp., 243 F. Supp. 2d 418, 422 (M.D.N.C. 2003).

133 Motorola, 2002 U.S. Dist. LEXIS 15655, at \*4-5 (N.D. Ill. Aug. 22, 2002).

134 1998 U.S. Dist. LEXIS 17753.

135 Id. at \*12.

136 Id. at \*15-16.

137 Id. at \*14 (quoting Micron Separations, Inc. v. Pall Corp., 159 F.R.D. 361, 365 (D. Mass. 1995)).

138 159 F.R.D. 361.

139 Id. at 365 (internal quotations omitted).

140 D.O.T. Connectors, 2001 U.S. Dist. LEXIS 739, \*8 n.3 (citing Dunhall Pharm., 994 F. Supp. at 1205, 46 U.S.P.Q.2d at 1368).

141 However, resolving close matters in favor of a client may be completely appropriate. Cf. Ortho Pharm., 959 F.2d at 945, 22 U.S.P.Q.2d at 1126 (“A party is not guilty of ignoring patent rights because it resolves a close question of infringement in its favor.”).

142 See, e.g., Beneficial Franchise Co., Inc. v. Bank One, N.A., 205 F.R.D. 212 (N.D. Ill. 2001); see also Lakewood Eng’g & Mfg. Co. v. Lasko Prods., Inc., No. 01 C 7867, 2003 WL 1220254, at \*10 (N.D. Ill. Mar. 14, 2003). Note that Lakewood presents a hybrid solution that invokes the communications waiver with respect to opinion counsel and a gatekeeping-style complete waiver with respect to trial counsel. Id.

<sup>143</sup> Fonar Corp. v. Johnson & Johnson, 227 U.S.P.Q. (BNA) 886, 888 (D. Mass. 1985).

<sup>144</sup> Thermos, 1998 U.S. Dist. LEXIS 17753, at \*13 (citing Micron Separations, 159 F.R.D. at 365); see also Douglas Press, Inc. v. Universal Mfg. Co., No. 01 C 2565, 2003 WL 21361731 (N.D. Ill. June 11, 2003).

<sup>145</sup> 243 F. Supp. 2d 418.

<sup>146</sup> Id. at 424.

<sup>147</sup> Id. at 421.

<sup>148</sup> Id. at 424.

<sup>149</sup> Id.

<sup>150</sup> Cf. ACLARA Biosciences, 2000 U.S. Dist. LEXIS 10585, at \*41-42 (“[I]t is hard to see how letters written two years before the [patent] issued can be essential (or even relevant) to a defense that focuses on the alleged infringer’s conduct after it learns of the patent allegedly infringed.”).

<sup>151</sup> Cf. Michlin v. Canon, Inc., 208 F.R.D. 172, 173 (E.D. Mich. 2002) (“It is difficult to understand how there could be reliance on opinions prepared after the lawsuit for activities commenced prior to the lawsuit. However this is the defense.”).

<sup>152</sup> See Fonar, 227 U.S.P.Q. at 887-88 (extending waiver to “all those counsel who rendered an opinion … during approximately the same time period”).

<sup>153</sup> See, e.g., Micron Separations, 159 F.R.D. at 366; Carl Zeiss Jena GMBH v. Bio-Rad Labs. Inc., No. 98 CIV. 8012 (RCC)(DFE), 2000 U.S. Dist. LEXIS 10044, at \*4 (S.D.N.Y. July 19, 2000).

<sup>154</sup> Chiron, 179 F. Supp. 2d at 1188; see also Akeva, 243 F. Supp. 2d at 423 (“[W]aiver of attorney-client privilege or work product protection covers all points of time, including up through trial.”)

<sup>155</sup> Quantum Corp. v. Tandon Corp., 940 F.2d 642, 644 (Fed. Cir. 1991) (“While our court has recognized that refusal of a separate trial will not require reversal in every case involving attorney client communications bearing on willfulness, we have suggested the advisability of separate trials in appropriate cases.”).

<sup>156</sup> See *id.* at 643-44.

<sup>157</sup> Akeva, 243 F. Supp. 2d, at 421 n.4.

<sup>158</sup> Id.

<sup>159</sup> *Id.* (quoting Molly Mosley-Goren et al., Patent Opinions and Litigation: The Client’s Choice of Counsel, 715 PLI/Pat. 425, 437 (2002)).

<sup>160</sup> Quantum, 940 F.2d at 644 n.2.

<sup>161</sup> Kos Pharms., Inc. v. Barr Labs., Inc., 218 F.R.D. 387, 392 (S.D.N.Y. 2003), clarified, 293 F. Supp. 2d 370 (2003).

<sup>162</sup> *Id.*

<sup>163</sup> *Id.* at 644 (“Procedurally, the court’s inspecting the documents in camera before ruling on the motions to compel production and defer trial on willfulness was certainly proper and deserves emulation.”).

<sup>164</sup> In camera review may also inform a judge as to when disclosure is appropriate. See, e.g., *Plasmanet, Inc. v. Apax Partners, Inc.*, No. 02 Civ.9290 BSJ THK, 2003 WL 21800981, at \*2 (S.D.N.Y. Aug. 5, 2003) (conducting an in camera review of an opinion before deciding to delay disclosure until after resolution of dispositive motions).

<sup>165</sup> See Fed. R. Evid. 403.

<sup>166</sup> *Contra Goff, supra note 57, at 12.*

<sup>167</sup> *Novartis Pharm.*, 206 F.R.D. at 399; see also *Chimie*, 218 F.R.D. at 420 (stating that “a general rule of waiver that assumes deceit” does not “satisfy the legitimate discovery interests of the parties”).

<sup>168</sup> The insight of Harvard Law School Professor David B. Wilkins generated many of the ideas set forth in the following several paragraphs.

<sup>169</sup> *Upjohn*, 449 U.S. at 393.

<sup>170</sup> Cf. *Akeva*, 243 F. Supp. 2d at 419 (“The matter before the Court is an increasingly familiar one in patent litigation.”); *Chimie*, 218 F.R.D. at 417 (“In few, if any, areas of the law has the tail taken to wagging the dog as vigorously as in the privilege waiver disputes endemic to patent infringement cases.”); *Eco Mfg.*, 2003 WL 1888988, at \*8 (“To be sure, the [communications waiver] approach ... creates some risk that intentional infringement (of patent or trademark rights) could be obscured by reliance upon deliberately incompetent opinions.”) (trademark case); *KW Muth*, 219 F.R.D. at 576 (“The opinions ... suggest that some courts may have developed a degree of skepticism about the integrity of patent counsel in their highly contentious field that provides great financial rewards to the victors.”).

<sup>171</sup> Of the twenty-one decisions (not including *Handgards*, 413 F. Supp. 926, 192 U.S.P.Q. 316 (antitrust case) and *Dunhall Pharm.*, 994 F. Supp. 1202, 46 U.S.P.Q.2d 1365 (both magistrate and district opinions)) cited *supra* at Part III.B.1. n. 92, 101, 115, magistrate judges penned thirteen while district judges wrote only eight.

<sup>172</sup> Compare *Michlin*, 208 F.R.D. 172 (communications waiver case decided by E.D. Mich.) with *Chiron*, 179 F. Supp. 2d 1182 (complete waiver case decided by C.D. Cal.).

<sup>173</sup> Compare *Thorn EMI N. Am.*, 837 F. Supp. 616, 29 U.S.P.Q.2d 1872 (communications waiver case decided by D. Del.) with *Novartis Pharm.*, 206 F.R.D. 396 (complete waiver, also decided by D. Del.).

<sup>174</sup> *Dunhall Pharm.*, 994 F. Supp. at 1205-06, 46 U.S.P.Q.2d at 1368-69 (district judge’s opinion adopting complete waiver despite magistrate judge’s opinion adopting communications waiver).

<sup>175</sup> Compare *Micron Separations*, 159 F.R.D. 361 with *VLT, Inc. v. Artesyn Techs., Inc.*, 198 F. Supp. 2d 56 (D. Mass. 2002).

<sup>176</sup> *VLT, Inc.*, 198 F. Supp. 2d at 57-58 (“I stand by the decision I made in the case of *Micron Separations* ....”).

<sup>177</sup> See 28 U.S.C. §§ 1291, 1292(c), 1295(a) (2000).

<sup>178</sup> See *Dentsply*, 132 F. Supp. 2d at 313-315; see also *In re Spalding Sports Worldwide, Inc.*, 203 F.3d 800, 803-04, 53 U.S.P.Q.2d (BNA) 1747, 1749 (Fed. Cir. 2000). But see *Chimie*, 218 F.R.D. at 419 n.4.

<sup>179</sup> See Federal Courts Improvement Act of 1982, Pub. L. No. 97-164, 96 Stat. 25 (1982); H.R. Rpt. No. 97-312, at 20-22 (1981); S. Rpt. No. 97-275, at 5 (1981).

<sup>180</sup> Note that courts do not normally consider discovery orders applied to nonparties to be “final decisions,” a requirement for traditional appellate jurisdiction (see 28 U.S.C. §§ 1295, 1291), since refusing to comply with a discovery order and appealing a subsequent contempt citation is considered to be an adequate alternative that provides effective review of the order. *Connaught Labs., Inc. v. Smithkline Beecham P.L.C.*, 165 F.3d 1368, 1369-70, 49 U.S.P.Q.2d (BNA) 1540, 1541-42 (Fed. Cir. 1999). Therefore, in the absence of a contempt citation, appeal of a discovery order as applied to the attorney probably must wait until final judgment.

<sup>181</sup> The Federal Circuit has recognized that waiting until final judgment to appeal discovery orders implicating privileges is ineffective. See *In re Regents of Univ. of Cal.*, 101 F.3d 1386, 1387, 49 U.S.P.Q.2d (BNA) 1784, 1785 (Fed. Cir. 1996) (citing *Harper & Row Publishers, Inc. v. Decker*, 423 F.2d 487, 492 (7th Cir. 1970), aff’d per curiam, 400 U.S. 348 (1971)); *Connaught Labs.*, 165 F.3d at 1370. But see *Quantum*, 940 F.2d at 644 (order compelling discovery over attorney-client privilege and work-product immunity claims effectively reviewable on appeal from final judgment).

<sup>182</sup> *Regents of Univ. of Cal.*, 101 F.3d at 1387, 40 U.S.P.Q.2d at 1785 (citing *Harper & Row Publishers*, 423 F.2d at 492).

<sup>183</sup> *Id.*

<sup>184</sup> 28 U.S.C. § 1292(b).

<sup>185</sup> *Id.*

<sup>186</sup> *Id.* at 644 (internal quotations omitted).

<sup>187</sup> 28 U.S.C. § 1292(b).

<sup>188</sup> See 19 James W. Moore et al., *Moore’s Federal Practice* § 203.31[2] (2002).

<sup>189</sup> *Id.*

<sup>190</sup> *Id.* at §203.31[3].

<sup>191</sup> See *id.* and cases cited therein.

<sup>192</sup> Other unwritten arguments might indirectly confirm this interpretation of Quantum. For example, matters submitted to a district court's discretion are ordinarily not certifiable (*id.*) and a waiver determination is in fact discretionary. See *United States v. Ziegler Bolt and Parts Co.*, 111 F.3d 878, 882 (Fed. Cir. 1997).

<sup>193</sup> See generally *Cohen v. Beneficial Indus. Loan Corp.*, 337 U.S. 541, 545-47 (1949).

<sup>194</sup> Quantum, 940 F.2d at 643 n.1 (citing *Gulfstream Aerospace Corp. v. Mayacamas Corp.*, 485 U.S. 271, 276 (1988)).

<sup>195</sup> *Id.* at 644.

<sup>196</sup> *Id.* But see *Regents of Univ. of Cal.*, 101 F.3d at 1387, 40 U.S.P.Q.2d at 1785 (citing *Harper & Row Publishers*, 423 F.2d at 492); *Connaught Labs.*, 165 F.3d at 1370, 40 U.S.P.Q.2d at 1542.

<sup>197</sup> Quantum, 940 F.2d at 644 n.2.

<sup>198</sup> See *id.*

<sup>199</sup> See *id.* at 643.

<sup>200</sup> *Id.* at 644 n.2.

<sup>201</sup> *Id.*

<sup>202</sup> *Regents of Univ. of Cal.*, 101 F.3d at 1387, 40 U.S.P.Q.2d at 1985 (citing *Harper & Row Publishers*, 423 F.2d at 492); *Connaught Labs.*, 165 F.3d at 1370, 49 U.S.P.Q.2d at 1541.

<sup>203</sup> *In re Ford Motor Co.*, 110 F.3d 954, 964 (3d Cir. 1997); *In re Chambers Dev. Co.*, 148 F.3d 214, 226 (3d Cir. 1998).

<sup>204</sup> Quantum, 940 F.2d at 644 n.2.

<sup>205</sup> A writ of mandamus is an order issued by a higher court commanding a lower court to act. See 28 U.S.C. § 1651(a) (2000).

<sup>206</sup> *In re Smithkline Beecham Corp.*, No. 01-632, 2000 U.S. App. LEXIS 29637, at \*7 (Fed. Cir. Nov. 1, 2000) (quoting *Allied Chem. Corp. v. Daiflon, Inc.*, 449 U.S. 33, 35 (1980)).

<sup>207</sup> *Id.* at \*6; see also *Spalding Sports Worldwide*, 203 F.3d at 804-05, 53 U.S.P.Q.2d at 1750-51 (Fed. Cir. 2000) (granting mandamus to prevent improper disclosure); *Regents of Univ. of Cal.*, 101 F.3d at 1387, 1391, 40 U.S.P.Q.2d at 1784.

<sup>208</sup> *Regents of Univ. of Cal.*, 101 F.3d at 1388, 40 U.S.P.Q. at 1785.

<sup>209</sup> See *Smithkline Beecham*, 2000 U.S. App. LEXIS 29637, at \*7 (quoting *Allied Chem. Corp.*, 449 U.S. at 35).

<sup>210</sup> Spalding Sports Worldwide, 203 F.3d at 804, 53 U.S.P.Q.2d at 1750 (quoting Connaught Labs., 165 F.3d at 1370, 49 U.S.P.Q.2d at 1541).

<sup>211</sup> See Ziegler Bolt & Parts, 111 F.3d at 882.

<sup>212</sup> Spalding Sports Worldwide, Inc., 203 F.3d at 804-05, 53 U.S.P.Q.2d at 1750-51.

<sup>213</sup> Chambers Dev. Co., 148 F.3d at 226 n.9.

<sup>214</sup> Connaught Labs., 165 F.3d at 1370, 49 U.S.P.Q.2d at 1541.