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# The Implications of *In re Seagate* – Redefining Willful Infringement and Waiver of Attorney Work Product

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## I. INTRODUCTION

Work product protection is available to attorney-drafted documents that are made in preparation for litigation. The doctrine has been deeply rooted into American civil procedure since the mid-twentieth century.<sup>1</sup> In particular, courts are cautious about disclosing the mental impressions of counsel.<sup>2</sup> While some communications are protected under attorney-client privilege, the work product immunity and attorney-client privilege are not coextensive. Some information that is unprotected by attorney-client privilege may still be protected under the work-product doctrine.<sup>3</sup> One exception to the work product doctrine is that counsel may waive the privilege if the party seeking the immunity places the advice of counsel at issue.<sup>4</sup>

*Seagate* provided the Court of Appeals for the Federal Circuit (CAFC) with an opportunity to address the boundaries of when work-product immunity is waived directly.<sup>5</sup> Preservation of the “mental impressions” of counsel is a revered principle embedded in American jurisprudence. However, at-issue waivers present an exception to work product immunity.

In ascertaining the scope of an at-issue waiver, it is important to isolate the particular issue in the case at bar and determine how it relates to the desired client communications. One school of thought is that the communicated advice of *any* counsel — as it relates to an infringement opinion — is relevant in the determination of an accused infringer’s reasonableness in relying on the opinion. Thus, it is argued

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

2. See, e.g., *Upjohn v. United States*, 449 U.S. 383 (1981) (an exemplary case where the Supreme Court chose to protect non-communicated work product — i.e., opinion work product — from discovery).

3. See, e.g., *In re Echostar Communication Corp.*, 448 F.3d 1294, 1302 (Fed. Cir. 2006).

4. See Edna Epstein, *The Attorney-Client Privilege and the Work Product Doctrine* 1103 (5th ed. 2007) (“Where one party seeks to assert a right to either insurance or contractual indemnity, work-product material that might cast any light on the right thereto is deemed to have been put at issue by the party seeking recovery and is deemed waived.”).

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

that the opinion should be included within the scope of the waiver if it is relied upon in a defense to willful infringement.<sup>6</sup> Others take a middle-ground approach, yielding to a more qualified discovery, while some contend that trial counsel communications regarding an invalidity/infringement opinion should not be discoverable in any instance.<sup>7</sup>

One might argue that the CAFDC should enable the accused infringer to control the waiver according to the actual amount they relied on the opinion. Such a bifurcated analysis would enable courts to review communications between counsel and the accused infringer only to the extent that it is necessary to assess the relevant state of mind of the accused infringer. Such a method would also preserve work product protections for communications that are not at issue. Still, if the question of willfulness is not subjective, the accused infringer's state of mind is arguably less relevant and not "at issue."

## II. THE FACTS AND ARGUMENTS OF *IN RE SEAGATE*

### A. THE FACTS OF *IN RE SEAGATE*

In *Convolve, Inc. v. Compaq Computer Corp. and Seagate Technology Inc.*,<sup>8</sup> Seagate, Convolve and the Massachusetts Institute of Technology ("MIT") were the assignees of two patents. Convolve and MIT filed a willful patent infringement claim against Seagate. In response, Seagate sought several opinions of counsel regarding both patents shortly after the complaint was filed by Convolve and MIT.<sup>9</sup> Seagate intended to rely on an opinions-of-counsel defense to Convolve's willful patent infringement claims.<sup>10</sup> Seagate's trial and opinion counsel also sent communications to Compaq pertaining to the validity of Convolve and MIT's claims.<sup>11</sup> Yet in all of this, Compaq's trial counsel and infringement/validity opinion counsel remained completely separate.<sup>12</sup>

In their discovery order, the District Court found, *inter alia*, a subject matter waiver of "all attorney-client communications between Seagate and outside counsel concerning the general subject matter of the infringement/invalidity opinions."<sup>13</sup> However, the order did not enable discovery of uncommunicated work product.<sup>14</sup> Seagate con-

6. See, e.g., *In re EchoStar*, 448 F.3d 1294. See also *Akeva v. Mizuno*, 243 F. Supp. 2d 418 (M.D.N.C. 2003).

7. See, e.g., *Intex Recreation v. Team Worldwide*, 439 F. Supp. 2d 46 (D. D.C. 2006). See also *Genentech v. Inamed*, 442 F. Supp. 2d 838 (N.D. Cal. 2006).

8. *Convolve, Inc. v. Compaq Computer Corp.*, No. 1:00-cv-05141-GBD-JCF, 2007 U.S. Dist. LEXIS 67654 (S.D.N.Y., Sept. 12, 2007).

9. *Seagate Technology LLC's Petition for Writ of Mandamus to Vacate Discovery Orders Compelling Disclosure of Privileged Communication of Trial Counsel* at 8, *In re Seagate*, No. 2006-830 (Fed. Cir. Sept. 29, 2006) [hereinafter *Seagate Mandamus Petition*].

10. *Id.* at 9.

11. *Id.* at 10-11 (trial counsel did not, however, comment on the merits of the opinions nor did they provide their own opinion).

12. *Id.* at 10.

13. *Id.* at 11.

14. *Id.* at 7.

tested the court's finding of a subject matter waiver with respect to trial counsel's advice regarding infringement, validity, and enforceability.<sup>15</sup>

### B. THE ARGUMENTS IN *IN RE SEAGATE*

Seagate questioned whether the trial counsel's work product, which was relied on in defense of the infringement allegations, should be placed within the scope of an at-issue waiver.<sup>16</sup> It was argued that trial counsel was not involved in opinion counsel's communications to Seagate whatsoever.<sup>17</sup> Discovery orders are reviewable via a writ of mandamus or on appeal.<sup>18</sup> The standard of review for a writ of mandamus is abuse of discretion.<sup>19</sup> The proponent of the privilege has the burden of proving its applicability — i.e., showing that the matter was prepared in anticipation of litigation.<sup>20</sup>

Seagate put forth several reasons for being entitled to the immunity. First, Seagate argued that a waiver would unduly burden the attorney-client relationship and violate the due process rights of the petitioner to prepare for trial. Moreover, Seagate argued that the work product immunity was not waived by reliance on counsel's opinion in its defense since trial counsel played no role in the construction of the opinion or the selection of counsel.<sup>21</sup>

Further, Seagate balanced an at-issue waiver of the work product doctrine in these circumstances with the prohibition against adverse inferences associated with asserting the privilege,<sup>22</sup> as articulated in *Knorr-Bremse Systeme Fuer Nutzfahrzeuge GmbH v. Dana Corp.*<sup>23</sup> According to Seagate, such a disclosure may negate the policy or spirit of the *Knorr-Bremse* doctrine.<sup>24</sup> The petitioner stated that any sword-and-shield concerns that are addressed by a waiver of the opinion counsel are overly broad as it applies to trial counsel's communications.<sup>25</sup>

The Opposition took a different reading of *Knorr-Bremse* and used the doctrine from another case, *EchoStar*.<sup>26</sup> The doctrine from this case rejects any "bright-line" rule or strict standard for ascertain-

15. See generally *Id.*

16. *Id.* at 7.

17. *Id.* at 15-17.

18. See, e.g., Order on Petition for Writ of Mandamus, *In re Seagate* (Fed. Cir. Jan. 26, 2007).  
19. *In re Pioneer Hi-Bred Int'l*, 238 F.3d 1370, 1374 (Fed. Cir. 2001). See also, Robert L. Hammon, *Patents and the Federal Circuit* 788 (7th ed. 2005).

20. See, e.g., *U.S. v. Lopez*, 777 F.2d 543, 552 (10th Cir. 1985).

21. *Id.* at 19.

22. 383 F.3d 1337, 1342 (Fed. Cir. 2004) (holding that the trial of fact would no longer be able to make an adverse inference with respect to willful infringement in instances where an accused infringer asserts privilege over an opinion of counsel. Instead, the burden of establishing willfulness is entirely on the patentee and willfulness must be established by a totality of the circumstances).

24. "Sword-and-shield" arguments enable a party to rely on the advice of counsel as a defense without enabling full discovery of the facts and evidence surrounding that advice.

25. *Id.* at 21.

26. *In re EchoStar*, 448 F.3d 1294.

ing the existence of privilege. Convoke thus asserted that this limited discovery would enable the petitioner to employ a sword-and-shield tactic. To illustrate, Convoke pointed to the contradictory assertions of Seagate.<sup>27</sup> Seagate stated that trial counsel did not communicate with Seagate regarding the opinion of counsel.<sup>28</sup> Yet if this was in fact the case, this begged the question as to why Seagate would protest the discovery of non-existent communications?<sup>29</sup>

Moreover, Convoke conceded that the waiver should be limited to exclude discovery of *non-communicated* work product.<sup>30</sup> Convoke believed that the time period in which the opinion was sought is a viable determinant of the nature and purpose of the attorney-client communication.<sup>31</sup> If an opinion is sought after litigation, presumably it will have the purpose of reducing damages rather than preventing infringement.<sup>32</sup> Therefore, the timing of the opinion is a better indicator than which attorney — trial or opinion counsel — communicated the advice.<sup>33</sup>

On January 26, 2007, the Court of Appeals for the Federal Circuit granted the writ of mandamus to speak on the issue.<sup>34</sup>

### III. BACKGROUND TO WORK PRODUCT IMMUNITY

The genesis of work product immunity is anchored in the seminal Supreme Court case *Hickman v Taylor*.<sup>35</sup> There, the Court laid out the definitive standard for discovery of work product documents, stating myriad policy reasons for and against making work product documents discoverable.<sup>36</sup> In *Hickman*, counsel's oral and written statements regarding the details of an accident in a wrongful death action were requested.<sup>37</sup> The Court stated that the request for such documents "contravenes the public policy underlying the orderly prosecution and defense of legal claims."<sup>38</sup> The court was particularly concerned with making an attorney's mental impressions, which were

27. On Petition for a Writ of Mandamus to the United States District Court for the Southern District of New York at 16-17, *In Re Seagate*, 497 F.3d 1360 (Fed. Cir. Apr. 23, 2007) (No. 2006-830).

28. *Seagate Mandamus Petition*, *supra* note 9, at 10-11.

29. On Petition for a Writ of Mandamus, *supra* note 27, at 17.

30. *Id.* at 15.

31. *Id.*

32. *Id.*

33. *Id.*

34. Order on Petition for Writ of Mandamus, *supra* note 18.

35. 329 U.S. 495 (1947). Since *Hickman*, the provisions have been codified in Fed. R. Civ. P. 26(b)(3).

[A] party may obtain discovery of documents and tangible things otherwise discoverable . . . 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.

See also Fed. Rule of Civ. P. 16(b)(2).

36. See *Hickman*, 329 U.S. 495, at n.4.

37. See *Id.*

38. *Id.* at 510.

made in preparation for litigation, vulnerable.<sup>39</sup> The court stated that "it is essential that a lawyer work with a certain degree of privacy."<sup>40</sup> Post-*Hickman*, a party seeking such discovery is only entitled to disclosure upon a showing of "substantial need of the materials in the preparation of the party's case and [proof] that the party is unable without undue hardship to obtain the documents through other means."<sup>41</sup>

#### A. "ORDINARY" WORK PRODUCT AND "OPINION" WORK PRODUCT

In practice, the work product doctrine distinguishes between "ordinary" work product and "opinion" work product, the latter being work product that reflects the "mental impressions, conclusions, opinions, or legal theories of an attorney or other representative of a party concerning the litigation."<sup>42</sup> Ordinary work product may include witness statements taken in anticipation of litigation, investigative reports, interoffice memorandum, etc.<sup>43</sup> Opinion work product is more rigorously protected.<sup>44</sup> The policy reason for this dogged protection closely mirrors the rationale expressed by the U.S. Supreme Court in *Hickman* — the need for counsel to analyze a case with a degree of privacy.<sup>45</sup>

The primacy of counsel's privacy was reinforced in *Upjohn v. United States*.<sup>46</sup> In *Upjohn*, the Supreme Court overturned a magistrate's ruling allowing the discovery of counsel-authored documents under the guise of U.S. Federal Rule of Civil Procedure 26(b)(3).<sup>47</sup> The documents in question were generated in response to an internal investigation of several questionable payments.<sup>48</sup> While attorney-client communications were deemed covered by the attorney-client privilege, the non-communicated documents were evaluated under work product protection.<sup>49</sup> In this instance the Court declined to decide whether the protection provided was absolute, and found no justifica-

39. *Id.* at 510-11.

40. *Id.* at 510-11. ("Much of what is now put down in writing would remain unwritten. An attorney's thoughts, heretofore inviolate, would not be his own. Inefficiency, unfairness and sharp practices would inevitably develop in the giving of legal advice and the preparation of cases for trial. The effect on the legal profession would be demoralizing. And the interests of the clients and the cause of justice would be poorly served.")

41. The proponent of the privilege has the burden of proving its applicability, i.e., showing that the matter was prepared in anticipation of litigation. Once a prima facie showing is made that the material sought to be discovered is indeed work product, the burden of proof shifts to the party seeking discovery. See EDNA SELAN ERSTEIN, *THE ATTORNEY-CLIENT PRIVILEGE AND THE WORK-PRODUCT DOCTRINE* 568 (4th ed. 2001).

42. *Upjohn Co. v. United States*, 449 U.S. 383, 401 (1981).

43. Jeff A. Anderson et al., *The Work Product Doctrine*, 68 CORNELL L. REV. 760, 792 (1983).

44. EDNA SELAN ERSTEIN, *THE ATTORNEY-CLIENT PRIVILEGE AND THE WORK-PRODUCT DOCTRINE* 568 (4th ed. 2001). See also Anderson, et al., *The Work Product Doctrine*, at 821, 68 CORNELL L. REV. 760 (1983).

45. See *Hickman*, *supra* note 4, at 510-11.

46. 449 U.S. 383 (1981).

47. *Id.* at 401.

48. *Id.* at 386.

49. *Id.* at 398.

tion for compelling discovery. They stated that "[w]hile we are not prepared at this juncture to say that such material is always protected by the work product rule, we think a far stronger showing of necessity and unavailability by other means than [demonstrated in this instance] would be necessary to compel disclosure."<sup>50</sup> While the Court has repeatedly articulated that some deference should be shown to well-established privileges, it has not hesitated to find exceptions where appropriate.<sup>51</sup> Courts are thus split as to whether to apply absolute protection, a balancing test or strict protection to opinion work product.<sup>52</sup>

#### B. RELATIONSHIP OF WORK PRODUCT DOCTRINE TO ATTORNEY-CLIENT PRIVILEGE

The work product doctrine is related to the attorney-client privilege in that many documents subject to the work product immunity may also be considered privileged under principles of attorney-client confidentiality. However, the two are distinct in a number of ways.<sup>53</sup> For instance, the attorney-client privilege is restricted to communications with the client while the work product immunity is not.<sup>54</sup> Additionally, the work product doctrine only applies to documents that are composed in anticipation of litigation.<sup>55</sup>

#### IV. EXTENDING THE WORK PRODUCT DOCTRINE TO COMMUNICATIONS WITH TRIAL COUNSEL

Should a voluntary waiver of privilege, created by relying upon an advice-of-counsel defense, extend so far as to bring communications with separate trial counsel into the scope of discovery?

##### A. BACKGROUND ON "AT-ISSUE" WAIVER AND SCOPE

An exception to work product protection typically exists where an attorney's advice is relevant to prove an issue in dispute.<sup>56</sup> Particularly where the advice is affirmatively relied upon by the client, a waiver may follow.<sup>57</sup> For example, where the advice of counsel is re-

50. *Id.* at 401.

51. See Swidler & Berlin v. United States, 524 U.S. 399 (1998). *But see* Pierce County Wash. v. Guillou, 537 U.S. 129 (2003) (privileges impeded the search for the truth and should therefore be construed narrowly).

52. See *Anderson et al.*, *supra*.

53. See *In re Grand Jury Investigation*, 599 F.2d 1224, 1232 (3d Cir. 1979).

54. See *Epsstein*, *supra* note 25.

55. *Id.*

56. See *Hangards, Inc. v. Johnson & Johnson*, 413 F. Supp. 926 (N.D. Cal. 1976) (finding that the communications from trial and opinion counsel to be critical in determining the good faith of the defendant in initiating a series of patent infringement suits). See also *Bird v. Penn Central Co.*, 61 F.R.D. 43 (E.D. Pa. 1975) (finding trial counsel's work product discoverable where the defense of laches was relied upon and claim investigation was at issue).

57. See *Id.* See also *Bird*, 61 F.R.D. 43.

lied on as an affirmative defense, disclosure is warranted.<sup>58</sup> The scope of such a waiver has varied between courts.<sup>59</sup> In some instances the scope of the waiver may include all documents related to the subject matter of the opinion, but in other instances, it may exclude communications with separate counsel (e.g., trial counsel) that regard the opinion.<sup>60</sup>

#### B. SCOPE OF DISCOVERY SHOULD EXACT THE ISSUE AT HAND

Several considerations are relevant in ascertaining the appropriate scope of an at-issue waiver. Generally, the waiver should only be as broad as necessary to address the issue at hand. For example, in determining the appropriate scope of an at-issue waiver, courts consider what communications are placed at issue by the proponent.<sup>61</sup> If the communications are made relevant through an affirmative act, such as their use in an affirmative defense, discovery may be necessary to ascertain the merits of the original adversarial claim.<sup>62</sup>

While there is no "bright-line" rule for determining the scope of waiver, "courts weigh the circumstances of the disclosure, the nature of the legal advice sought and the prejudice to the parties of permitting or prohibiting further disclosures."<sup>63</sup>

#### V. WILLFUL INFRINGEMENT PRIOR TO SEAGATE

Prior to the *Seagate* decision, willful infringement required that the infringer's actions be "voluntary," "deliberate," or "intentional."<sup>64</sup> In *Knorr-Bremse*, the CAFC stated that the determination of willful infringement should not be ascertained by a single factor but by a number of factors under a "totality of the circumstances."<sup>65</sup> Factors that are taken into consideration included whether the infringer, knowing of the other's patent protection, investigated the scope of the patent and formed a good-faith belief that the patent was invalid or not infringed, as well as the infringer's behavior as a party to the lit-

58. See *Hangards*, 413 F. Supp. 926. See also *Bird*, 61 F.R.D. 43. *But see* *Steelcase Inc. v. Hawthorth*, 854 F. Supp. 1195 (D. Mich. 1997) (suggesting that such a determination should rely on Federal Circuit case law).

59. See *Inter Recreation*, 439 F. Supp. 2d at 52-53 (D. D.C. 2006) (citing BASF Aktiengesellschaft v. Reilly Indus., 283 F. Supp. 2d at 100 (S. D. Ind. 2003)). See also *Genentech v. Insmid*, 442 F. Supp. 2d 838 (N.D. Cal. 2006).

60. See *Inter Recreation*, 439 F. Supp. 2d at 46. *But see* *Ampex Corp. v. Eastman Kodak Co.*, No. 04-1373, 2006 U.S. Dist. LEXIS 48702 (D. Del. July 17, 2006).

61. See Nathan P. Sutton, Comment, *Waiver of Attorney-Client and Work Product Privileges in Hostile Environment Sexual Harassment Cases*, 1999 U. Chi. Legal F. 623, 631-32 (1999) (citing *Worthington v. Endec*, 177 F.R.D. 113, 116 (N.D.N.Y. 1998); *Panter v. Marshall Field & Co.*, 80 F.R.D. 718, 721 (N.D. Ill. 1981); and *Donovan v. Fitzsimmons*, 90 F.R.D. 583, 588 (N.D. Ill. 1981)).

62. *Id.*

63. *Fort James Corp. v. Solo Cup Co.*, 412 F.3d 1340, 1349-50 (Fed. Cir. 2005).

64. *Harmon*, *supra* note 11, at 966.

65. *Knorr-Bremse Systeme Fuer Nutzfahrzeuge GmbH v. Dana Corp.*, 383 F.3d 1337, 1342-43 (Fed. Cir. 2004).

gation.<sup>66</sup> An accused infringer also might have previously established a good faith belief that the patent was not infringed by demonstrating a reasonable reliance on the advice of opinion counsel.<sup>67</sup> As will be explained below, the CAFC took advantage of this opportunity to redefine the standard for willfulness to be an objective inquiry, rather than a subjective inquiry.

#### VI. WAIVER IN THE CONTEXT OF AN OPINION-OF-COUNSEL DEFENSE

Federal Circuit law applies in determining waiver of privileges with respect to a defense or response to willful patent infringement.<sup>68</sup> In *EchoStar*, the Court held that the attorney-client privilege is waived when counsel's infringement/validity opinion is relied upon in a defense to willful patent infringement. "Once a party announces that it will rely on advice of counsel, for example, in response to an assertion of willful infringement, the attorney-client privilege is waived."<sup>69</sup> The reason for this rule is that the "reasonableness" of the accused infringer's state of mind in its reliance on counsel's opinion is at stake.<sup>70</sup> In footnote 4, the Court included dicta stating that this waiver applies not only to pre-litigation communications but to post-litigation communications too.<sup>71</sup> Still, the work product immunity differs significantly from the attorney-client privilege, and waiver of one does not necessarily necessitate waiver of the other.

#### A. EFFECT OR SCOPE OF AN AT-ISSUE WAIVER

Prior to *Seagate*, there were several schools of thought as to the appropriate effect or scope that at issue waiver should be given with respect to work product immunity.<sup>72</sup> Some courts accepted that if trial counsel's work product is received by the client, it should be discover-

66. Eugene R. Quinn, Jr., Willful Infringement, [http://www.ipwatchdog.com/willful\\_patent\\_infringement.html](http://www.ipwatchdog.com/willful_patent_infringement.html) (last visited Oct. 6, 2007) (citing Read Corp. v. Porce Inc., 970 F.2d 816, 826-28 (Fed. Cir. 1992); and *Bott v. Four Star Corp.*, 807 F.2d 1587, 1572 (Fed. Cir. 1986), *overruled on other grounds*; *A.C. Aukenman Co. v. R.L. Chaides Constr. Co.*, 960 F.2d 1020 (Fed. Cir. 1992)).

67. See, e.g., *Underwater Devices Inc. v. Morrison-Knudsen Co.*, 717 F.2d 1380 (Fed. Cir. 1983) (where the CAFC articulated a duty to obtain an opinion of counsel once apprised of potential infringement).

68. *In re EchoStar*, 448 F.3d 1294.

69. *Id.* (citing *Fort James Corp. v. Solo*, Cup Co., 412 F.3d 1340, 1349 (Fed. Cir. 2005)). Moreover, such opinions may be less relied upon after the Court of Appeals for the Federal Circuit abolished any negative inferences following an assertion of privilege to such opinions. See *Kearr-Breness*, 383 F.3d 1337.

70. *EchoStar*, 448 F.3d at 1299.

71. *EchoStar* contends that waiver of opinions does not extend to advice and work product given after litigation began. While this may be true when the work product is never communicated to the client, it is not the case when the advice is relevant to ongoing willful infringement, so long as that ongoing infringement is at issue in the litigation." *In re EchoStar*, 448 F.3d 1294, 1298 n.4 (citing *Akeva v. Mizuno Corp.*, 243 F. Supp. 2d 418 (2003)). *But see* *Ampex*, 2006 U.S. Dist. LEXIS 48702 (discussed below).

72. See, e.g., *Akeva v. Mizuno*, 243 F. Supp. 2d 418 (M.D.N.C. 2003); *Intex Recreation*, 439 F. Supp. 2d 46; *Genentech v. Insmad*, 442 F. Supp. 2d 838 (N.D. Cal. 2006); *but see* *Ampex*, 2006 U.S. Dist. LEXIS 48702.

able.<sup>73</sup> While others advocated different "middle-ground" approaches, qualifying the extent to which communications between trial counsel and the client are discoverable.<sup>74</sup> Some, however, staunchly believed that trial counsel's communications should not be discoverable at all.<sup>75</sup> District court case law supporting each theory is discussed below.

#### B. WAIVER OCCURS WHEN TRIAL COUNSEL'S WORK PRODUCT IS RECEIVED

While one might argue that reliance on counsel's opinion should automatically waive immunity to work-product communications relating to counsel's opinion, this rule is not uniformly applied.<sup>76</sup> Courts must consider any impediment the privilege may place upon finding the truth. However, the Court must also consider the circumstances in which the advice was received and whether, under those circumstances, a party has placed the protected communication at issue and within the scope of the waiver. Where the defendant's state of mind is continuously at issue, courts have found that attorney-client communications (even with trial counsel) are discoverable.<sup>77</sup>

There are several circumstances under which district courts have determined work product immunity to be waived where counsel's advice was relied upon in a defense to willful infringement. In *Akeva v. Mizuno*<sup>78</sup> the District Court found waiver of work product immunity for communications between trial counsel and the accused infringer.<sup>79</sup> The Court found that the defendant's duty of care was "contin[uous]" and extended beyond the inception of litigation. Such communications received during litigation are at issue in a defense to willful infringement.<sup>80</sup>

The waiver of attorney-client privilege or work product protection does not, as defendants argue, exist solely at a particular point of time, such as when the client receives the opinion from counsel. As recognized by the Federal Circuit in *Crystal Semiconductor*, because infringement is a continuing activity, the requirement to exercise due care and seek and receive advice is a continuing duty. . . . Consequently, the waiver of attorney-client privilege or work product protection covers all points of time, including up through trial.

73. See, e.g., *Akeva v. Mizuno*, 243 F. Supp. 2d 418 (M.D.N.C. 2003).

74. See, e.g., *Intex Recreation*, 439 F. Supp. 2d 46 and *Genentech v. Insmad*, 442 F. Supp. 2d 838 (N.D. Cal. 2006).

75. See, e.g., *Ampex*, 2006 U.S. Dist. LEXIS 48702.

76. See, e.g., *Akeva v. Mizuno*, 243 F. Supp. 2d 418 (M.D.N.C. 2003); *Intex Recreation*, 439 F. Supp. 2d 46; and *Genentech v. Insmad*, 442 F. Supp. 2d 838 (N.D. Cal. 2006). *But see* *Ampex*, 2006 U.S. Dist. LEXIS 48702.

77. This is the case for both opinion and ordinary work product.

78. 243 F. Supp. 2d 418, 423 (M.D.N.C. 2003) ("In the instant case, defendants only assert a defense of willfulness based on non-infringement and no basis has been present for expanding the scope of the waiver. Therefore, only that part of defendants' attorney-client communications has been waived by defendants.")

79. *Id.* at 423-24.

80. *Id.* at 423-24 (citing *Crystal Semiconductor Corp. v. Tritech Microelectronics Int'l*, 246 F.3d 1336 (Fed. Cir. 2001)). See also *In re EchoStar*, 448 F.3d 1294 and *Steelcase Inc. v. Haworth Inc.*, 954 F. Supp. 1195 (W.D. Mich. 1997) (waiver applied to those documents communicated to the client).

The waiver also is not limited to the advice given by opinion counsel.

According to *Akeva*, the test for waiver is whether the client actually received the attorney's work product.<sup>81</sup> If it has been received, it is discoverable.<sup>82</sup> The Court reasoned that since the accused infringer asserts the reasonableness of his actions in light of the advice it received, the Court must be allowed access to assess such advice.<sup>83</sup>

#### C. THE "MIDDLE-GROUND" APPROACH

Other courts have taken a more moderate approach, enabling discovery of only those communications which contradict or cast doubt onto the infringement opinion. In *Intex Recreation v. Team Worldwide*, the court found that waiver applied to trial counsel's communications that criticized the client's opinion.<sup>84</sup> The Northern District of California has decided along similar lines, justifying their position by pointing to significant practical problems with the middle-ground approach's assessment of doubt sufficient enough to warrant disclosure.<sup>85</sup>

Another middle ground approach assesses the scope of the waiver from the perspective of authorship, making all communications between the client and the author of the infringement opinion discoverable.<sup>86</sup>

#### D. PROTECTION IN THE PUBLIC INTEREST?

In *Ampex Corp. v. Eastman Kodak Co.*, the District Court analyzed the waiver of privilege based on the opinion of separate opinion counsel.<sup>87</sup> The Court decided not to extend the waiver to work product or trial counsel's communications, rejecting an application of waiver to any correspondence generally dealing with an infringement opinion. To do so, the court held, would have undermined the public interest in promoting open and frank communications between attorneys and clients.<sup>88</sup>

81. See *KW Muth Co. v. Bing-Lear Mfg. Group, L.L.C.*, 219 F.R.D. 554 (E.D. Mich. 2003) (the Court enabled discovery of trial counsel opinion work product not communicated to the client since only oral opinions were given by trial counsel).

82. *Id.*

83. *Id.*

84. 439 F. Supp. 2d 46, 52-53 (D.D.C. 2006) (citing *BASF Aktiengesellschaft v. Reilly Indus.*, 283 F. Supp. 2d 100 (S.D. Ind. 2003). See also *Genentech v. Inamed*, 442 F. Supp. 2d 838, 847 (N.D. Cal. 2006) (which grossly stretched the practicability of the "criticism" litmus as the waiver included communications relating to the ultimate question of infringement, not just criticism of the opinion: "Waiver of trial counsel communication with the client should apply to documents and communications that are most akin to that which opinion counsel normally renders — i.e., documents and communications that contain opinions (formal or informal) and advice central and highly material to the ultimate questions of infringement and invalidity (the subject matter of the advice given by . . . opinion counsel).").

85. *Id.*

86. *VLT, Inc. v. Artesyn Tech., Inc.*, 198 F. Supp. 2d 56, 57 (D. Mass. 2002). See also *Manual for Complex Litigation* §33 (4th Ed.) (2006).

87. *Ampex*, 2006 U.S. Dist. LEXIS 48702.

88. *Id.*

[I]f all attorney-client discussions touching on the same subject were to be viewed as "advice" or "opinions" on a par with the legal opinions that were at issue in *Echostar*, the court's comments would have to be understood as demolishing the practical significance of the attorney-client privilege, a result obviously at odds with other comments in *Echostar* . . . ("We recognize the privilege in order to promote full and frank communication between a client and his attorney so that the client can make well-informed legal decisions and conform his activities to the law."), and with other emphatic pronouncements of the Federal Circuit regarding the privilege . . . ("There should be no risk of liability in disclosures to and from counsel in patent matters; such risk can intrude upon full communication and ultimately the public interest in encouraging open and confident relationships between client and attorney.")<sup>89</sup> Waiver of such privilege would amount to "a wholesale revisio-

of the historical understanding of the attorney-client privilege."<sup>90</sup>

In assessing the appropriate scope of the waiver, the historical context of the work product doctrine and policy interests supporting it should be earnestly considered in reviewing such discovery requests

#### VII. MIDDLE-GROUND APPROACH DEFINED BY THE INFRINGER

One might argue that the scope of a waiver should be determined by a bifurcated process. Under this approach, waiver of privilege would only apply where the accused infringer intends to place it in a mental state at issue. Control of the waiver should be in the accused infringer's hands, applying only where counsel's advice is actually relied upon by the accused infringer. In some instances the accused infringer may receive conflicting advice from opinion counsel and trial counsel regarding infringement/validity. In such instances, the accused infringer should be able to bifurcate the waiver and select the time period to which the waiver should apply. This application should be executed according to the accused's reliance on the advice of opinion trial counsel in a defense to willful infringement.

It may be that the merits of an infringement/validity opinion are questioned more by trial counsel than by opinion counsel. As a matter of strategy, trial counsel may be overly critical of the infringement opinion so as to manage the expectations of the accused infringer. Moreover, trial counsel and opinion counsel may derive different determinations simply because they have two different (legal) minds. The infringement opinion is received well in advance of the complaint being filed, the accused infringer will not have learned of trial counsel's view on infringement until significantly later, after receiving trial representation.

In such a case it is reasonable for the accused infringer to rely upon opinion counsel's advice for the period preceding the receipt of

89. *Id.* at \*10 (quoting *Echostar*, 448 F.3d at 1300-301, and *Knoerr-Bremse Systeme Fu Nutzfahrzeuge GmbH v. Dana Corp.*, 383 F.3d 1357, 1344 (Fed. Cir. 2004)).

90. *Id.*

trial counsel's advice. The accused infringer should be able to rely on an advice-of-counsel defense for pre-litigation damages and waive that defense post-litigation if it so chooses. After all, the accused infringer would not have had the corrupt "mens rea" (state of mind) before speaking with trial counsel and receiving trial counsel's criticisms. Further, if the accused infringer is not relying on the advice of trial counsel in defense to a willfulness charge, such advice or communications are not central to the issue anyway.

It serves to reason then that *Seagate* was not the perfect test for this type of bifurcated treatment since the infringement opinion was given after the lawsuit was filed. Therefore, because trial counsel's advice parallels opinion counsel's advice, separating the analysis would be meaningless. Where the accused infringer relies on opinion counsel for a substantial period before it obtains trial counsel, and trial counsel has a less favorable view with respect to infringement, trial counsel's communications with the client expressing those views might be protected to the extent that the accused infringer does not seek to rely on them in defense to a willfulness charge.

#### VII. THE SEAGATE DECISION AND PRACTICAL IMPLICATIONS

On August 20, 2007, the Court of Appeals for the Federal Circuit came down with a decision in *Seagate*.<sup>91</sup> The Court redefined the standard of willfulness, directing attention away from the accused infringer's state of mind and towards "objective recklessness." The Court overturned the affirmative duty to obtain an opinion of counsel imposed by *Underwater Devices*.<sup>92</sup> Eight of the 10 judges presiding *en banc* over the hearing went so far as to state that the accused infringer's state of mind was not relevant to a threshold determination of willfulness.<sup>93</sup> Additionally, the Court held that communications with trial counsel are entitled to enjoy the benefit of both the attorney-client privilege and work product immunity because of the adversarial function of attorney counseling post litigation.<sup>94</sup>

#### A. NO AFFIRMATIVE DUTY OF CARE

Starting with *Underwater Devices*, the Court stated that the accused's failure to obtain a competent opinion of counsel before knowingly engaging in infringing conduct should not be a dispositive factor

91. *In re Seagate Technology, LLC*, 2007 U.S. App. LEXIS 19768 (Fed. Cir. Aug. 20, 2007).

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

93. *Seagate*, 2007 U.S. App. LEXIS 19768 at \*22-\*23 ("Accordingly, to establish willful infringement, a patentee must show by clear and convincing evidence that the infringer acted despite an objectively high likelihood that its actions constituted infringement of a valid patent. The state of mind of the accused infringer is not relevant to this objective inquiry. If this threshold objective standard is satisfied, the patentee must also demonstrate that this objectively-defined risk (determined by the record developed in the infringement proceeding) was either known or so obvious that it should have been known to the accused infringer."). See also *Safeco Ins. v. Burr*, 127 S. Ct. 2201 (2007).

94. *Id.* at \*33-\*34.

in considering whether the accused infringer's behavior was willful.<sup>95</sup> The Court explained that the evolution of the willfulness standard, since the establishment of the Federal Circuit just prior to the *Underwater Devices* decision, warranted a different standard.<sup>96</sup>

In 1983 there was more of a widespread disregard for patent rights. The then current landscape of judicial opinions — including *Knor-Brense* — fashioned the willfulness inquiry towards considering the totality of the circumstances, and away from a single action with respect to an opinion of counsel.<sup>97</sup> Abandoning the notion of an affirmative duty of due care, the Court emphasized "that there is no affirmative obligation to obtain opinion of counsel."<sup>98</sup>

Judge Mayer specifically addressed the dichotomy by establishing an affirmative duty to obtain an opinion and requiring a subject-matter waiver of immunity with respect to communications regarding the opinion.<sup>99</sup> Judge Mayer stated that though doing so might be "onerous," *in camera* reviews or bifurcation of trials might resolve such issues.<sup>100</sup>

Relinquishing the affirmative duty to obtain a competent opinion of counsel may place less practical emphasis on obtaining an opinion once infringement is noticed. While obtaining an opinion might have been an industry standard prior to *Seagate*, doing so might be less popular after *Seagate*. One might argue that if an emphasis on an objective standard for willful infringement, an accused infringer might regiment a number of actions (including obtaining an opinion) to defend against willfulness allegations. Obtaining an opinion of counsel might still be one of the best ways to objectively disprove reckless disregard for the patentee's rights.

#### B. WILLFULNESS IS AN OBJECTIVE STANDARD

The standard for determining willfulness was redefined and that court held that it initially hinges on objective evidence instead of subjective evidence of the accused infringer's perspective. Citing a recent Supreme Court decision, the Court stated that willful misconduct is not merely negligent but reckless.<sup>101</sup> "To establish willful infringement, a patentee must show by clear and convincing evidence that the infringer acted despite an objectively high likelihood that its actions

95. *Id.* at \*22.

96. *Id.* at \*15-\*16.

97. *Id.* at \*22.

98. *Id.* at \*22.

99. *Id.* at \*17.

100. *Id.* at \*17 (citing *Quantum Corp. v. Thadon Corp.*, 940 F.2d 642 (Fed. Cir. 1991)).

"We cautioned there that an accused infringer should not, without the trial court's careful consideration, be forced to choose between waiving the privilege in order to protect itself from a willfulness finding, in which case it may risk prejudicing itself on the question of liability, and maintaining the privilege, in which case it may risk being found to be a willful infringer if liability is found." We advised that *in camera* review and bifurcating trials in appropriate cases would alleviate these concerns."

101. *Safeco*, 127 S. Ct. 2201.



constituted infringement of a valid patent. . . . The state of mind of the accused infringer is not relevant to this objective inquiry."<sup>102</sup> The Court declined, however, to use the opportunity provided by *Seagate* to develop the application of this standard, leaving it to "further cases."<sup>103</sup>

By declining to provide direction as to what conduct could objectively be used to establish or dispute willfulness, the CAFC left open the question of how willfulness may be established or disputed.<sup>104</sup> With this open issue, one might expect to see a great degree of variation between the district courts in developing this standard. Moreover, it is still unclear if accused infringers should significantly rely on an advice-of-counsel defense to willful infringement.

On the one hand, the opinion might provide great objective evidence (under the circumstances) of respect for a patentee's rights, but on the other, accused infringers have received a certified approval to not obtain an opinion of counsel. In light of *Seagate*, they may be less reluctant to do so.

#### C. ATTORNEY WORK PRODUCT IS NOT WAIVED BY ASSERTION OF THE ADVICE-OF-COUNSEL DEFENSE

Because the assessment of willfulness is objective, it further removes the advice of counsel from being "at-issue" for the purposes of assessing the scope of a waiver of attorney-client privilege and, more importantly, work product immunity. With regard to trial counsel communications, the Court reasoned that the adversarial nature of trials dictate that any waiver of attorney-client privilege should not extend to trial counsel's work product, absent some exceptional set of circumstances.

Recognizing the value of a common approach and in light of the new willfulness analysis set out above, we conclude that the significantly different functions of trial counsel and opinion counsel advise against extending waiver to trial counsel. Whereas opinion counsel serves to provide an objective assessment for making informed business decisions, trial counsel focuses on litigation strategy and evaluates the most successful manner of presenting a case to a judicial

102. *Seagate*, 2007 U.S. App. LEXIS 19768 at \*72-\*73.

103. *Id.* Judge Gajarsa and Judge Newman concurred, advocating instead for an "objective unreasonableness" standard. Both Judges are in favor of a standard in which the accused infringer's state of mind would eventually have some relevance. While Judge Gajarsa advocates that the accused infringer's state of mind becomes relevant after a showing of objective unreasonableness has been made, Judge Newman further believes that anytime the record shows an "intentional disregard or destruction" of the patentee's rights the accused infringer's state of mind is relevant and should be considered. *Id.* at \*38 and \*61.

104. *Id.* at \*23 ("We leave it to future cases to further develop the application of this standard.")

decision maker. And trial counsel is engaged in an adversarial process."<sup>105</sup>

The Court reasoned that since defenses prepared by trial counsel have a different function than an opinion obtained to establish due care, upholding the privilege "does not present the classic 'sword and shield' concerns typically mandating broad subject matter waiver."<sup>106</sup> The decision should enable more full and frank discussions between trial counsel and client in preparation for litigation. Moreover, an accused infringer might not have to feel hesitant about obtaining an opinion post-litigation. The Court also briefly addressed the timing issues that may arise when the opinion is received post-litigation as occurred in *Seagate*. Trial counsel communications were said to have "little significance . . . [b]ecause willful infringement in the main must find its basis in prelitigation conduct[.] communications of trial counsel have little, if any, relevance warranting their disclosure . . ."<sup>107</sup> Any post-litigation willful infringement was reasoned to be curable by a preliminary injunction.<sup>108</sup>

While a successful preliminary injunction motion may thwart infringement post litigation, it will not entitle the patentee to treble damages for post litigation conduct, which may continue for years in some jurisdictions. Judge Mayer articulated that a preliminary injunction motion should always be filed where willful infringement occurs post-litigation.<sup>109</sup> "A patentee who does not attempt to stop an accused infringer's activity in this manner should not be allowed to accrue enhanced damages based solely on the infringer's post-filing conduct."<sup>110</sup> Therefore, greater onus might be placed on the patentee to file a preliminary injunction motion in cases where they might not have done so otherwise. A patentee might wish to wait until trial (e.g. post discovery) to have an assessment of the merits performed rather than having the judge do so preliminarily. In this way the autonomy of the patentee in developing its case strategy is somewhat undermined by *Seagate*.

The Court, sitting *en banc*, provided interesting direction with a new standard for willfulness and further protected trial counsel communications. Willfulness is no longer dependent upon subjective inquiries as to state-of-mind, but instead on whether infringers persisted despite an objectively high likelihood that such actions constituted infringement. This standard will be best tested in instances containing glaring evidence of intent to infringe. This evidence will

105. *Id.* at \*77 and \*73 (citing *Crystal Semiconductor Corp. v. TriTech Microelectronics International, Inc.*, 246 F.3d 1336 (Fed. Cir. 2001) (with respect to attorney client privilege) and *In re Marti Marietta Corp.*, 856 F.2d 619 (4th Cir. 1988) (with respect to work product immunity)).

106. *Id.* at \*77.

107. *Id.* at \*51-\*52.

108. *Id.* at \*30-\*31.

109. *Id.*

110. *Id.*

come from admissions by the accused infringer, and not necessarily a lack of due diligence measures. The true implications of each will depend on further cases and on the interpretation of *Seagate* by the capable hands of the district courts as stated respectively by the Court and concurring judges.