

# Legal uncertainty increases risks to alleged patent infringers

## Lack of uniformity may haunt those relying on advice-of-counsel defense

Companies defending charges of willful patent infringement and the threat of triple damages routinely elect to rely on opinions of patent counsel to demonstrate their good-faith belief of no infringement or that the patent is invalid.

A large body of patent law has evolved concerning this advice-of-counsel defense, and the impact, timing and scope of that election, which, by definition, voluntarily

waives attorney-client privilege. The full en banc Court of Appeals for the Federal Circuit in Washington, D.C. — the exclusive federal appellate court for patent cases — is now considering several questions regarding the advice-of-counsel defense in *Knorr-Bremse v. Dana Corp.*, mainly relating to whether a legal adverse inference may be drawn if a party elects not to obtain an opinion, or elects not to rely on one it does get, in order to preserve the privilege.

What *Knorr-Bremse* may not directly address, however, is the scope of waiver when a party does elect to rely on an opinion of counsel — a subject of great debate in the federal courts, and of great concern to litigants and their counsels

faced with making the election in the first place.

Willfulness turns on the state of mind of the alleged infringer. On that basis, it has long been settled that when an opinion of counsel is relied upon, and privilege is waived, all communications between counsel and client are discoverable as part of the waiver, so the entirety of the client's state of mind can be tested. On that basis as well, many courts have been disinclined to allow discovery of the counsel's ordinarily protected work product not communicated to the client, since it does not reflect the client's state of mind.

Another line of cases, including several from Massachusetts, allows discovery of the attorney's work product only if it is

inconsistent with, or casts doubt upon, the formal opinion delivered to the client.

Of course, both of these avenues entrust patent counsel to disclose evidence or information honestly in the counsel's files that was communicated to the client or that could contradict the opinion in some way. That is, the fox guards the henhouse.

However federal courts are increasingly allowing broad discovery into all of the opinion-giving law firm's files since such evidence could show that the client received different information or opinions than are found in the formal written opinion. Consider *Irwin Industrial Tool Co. v. Orosz*, a patent-infringement case in Chicago, in which the court recently allowed discovery into a law firm's drafts of opinions, notes, memos and even internal e-mails, relating to the subject matter of the firm's noninfringement opinion, even though none of these documents were shared with the client. The court held that such discovery is relevant to the issue of the client's state of mind since it could show that the client was given prior inconsistent oral opinions. This case, and several others like it, reveal that some judges no longer trust the fox.

The split of authority on this issue is no more apparent than in Delaware, where in *Rhodia Chimie v. PPG Industries Inc.*, one judge protected attorney work product, limited discovery to communicated documents and conceded that the contrary precedent in Delaware and other courts broadly waiving uncommunicated attorney work product reflects a distrust of counsel, by presuming that opinion-givers will "falsely assert that he or she has turned over all communications between counsel and client bearing on the issues," or that "the system of obtaining opinion letters ... has become so corrupt that clients and attorneys both know ... that what the client really wants is a false or misleading opinion that hides the true findings and opinions of the attorney."

### INSIDER VIEW

HOWARD J. SUSSER  
AND  
IAN R. MARINOFF

However, said the judge, since these cases "rest on the assumption of mendacity in lawyers or clients or both, it appears unlikely that a policy that opens the lawyer's files to an adversary will cure the problem," since "the fundamental dishonesty which is assumed" would only cause lawyers to "drive the 'real' information ... deeper into the shadows."

In other words, distrusting the fox is no reason to vitiate the attorney work product protections, which are deeply rooted in our system of jurisprudence, if the mendacious fox still guards the henhouse anyway.

*Knorr-Bremse* case should soon clarify the legal effect of a decision not to waive privilege. However, the lack of uniformity in the federal law regarding the scope of that waiver will continue to haunt alleged infringers wishing to rely on the advice-of-counsel defense without knowing what may actually be lurking in their law firm's files.

*Knorr-Bremse* case should soon clarify the legal effect of a decision not to waive privilege. However, the lack of uniformity in the federal law regarding the scope of that waiver will continue to haunt alleged infringers wishing to rely on the advice-of-counsel defense without knowing what may actually be lurking in their law firm's files.

HOWARD J. SUSSER is a member of the intellectual property section of Mintz Levin Cohn Ferris Gloufsky & Popeo PC in Boston. IAN R. MARINOFF is an associate in the section.



We use our collective talents, experience and expertise to deliver focused value to each and every client.

Testa, Hurwitz & Thibault, LLP is a premier, full-service law firm committed to delivering the highest quality service to our clients.

Our ability to combine sophisticated legal counsel with practical business insight allows us to deliver comprehensive and integrated solutions.

Let our team of experts help drive your success.

Trusted Counselors

**TESTA, HURWITZ & THIBEAULT, LLP**

www.tht.com

125 High Street / Boston, MA 02110 / Phone: 617.248.7000