PRIVILEGE AND THE SCOPE OF WAIVER REGARDING OPINIONS OF COUNSEL AFTER ECHOSTAR

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CHAPTER 6
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Biography
Scott’s Dallas-based practice focuses on intellectual property and commercial litigation. He is a patent litigator with significant experience representing clients across the U.S. Recently, Scott successfully defended an electronics manufacturer in a $200 million patent infringement jury trial. He also has experience representing both plaintiffs and defendants in a wide range of intellectual property and commercial litigation matters, including copyright, trademark, trade secret, and business tort cases. He is licensed to practice before the United States Patent and Trademark Office in patent cases.

Representative Experience
- As trial counsel for the defendant, obtained jury verdict of non-infringement and invalidity in three-week patent infringement trial seeking more than $200 million from the leading manufacturer of electronic light controls
- Part of trial team that obtained summary judgment on all patent infringement claims leveled against a Fortune 500 technology company implicating hundreds of circuit board assembly machines used in manufacturing facilities across the country
- Technologies involved in recent patent cases: - Consumer Electronics, including control circuits and RF technology - Semiconductors - Computer automation - Banking services
- Currently representing an established technology company enforcing its patents by litigation in multiple courts across the country

Education and Professional Background
- University of Texas School of Law, J.D. with high honors, 1994 (Book Review Editor, Texas Law Review; Chancellors; Order of the Coif)
- University of Texas, B.S. Electrical Engineering with honors, 1991
- Law clerk to the Honorable Robert E. Payne of the U.S. District Court for the Eastern District of Virginia, 1994-1995
Professional Recognition

- “Texas Rising Star” in intellectual property litigation, Texas Monthly, 2006

Activities and Affiliations

- Chair: Litigation Committee, Intellectual Property Section, State Bar of Texas, 2005-2006
- Fellow: Texas Bar Foundation

Publications and Presentations

- “Control Your Scene, Counselor. The Risks of Communicating with Suspected Infringers,” State Bar of Texas Intellectual Property Law Section Newsletter, Summer 2006 (co-authored)
- Author: “When Patent Litigation Happens, Invest In Teamwork To Win,” Vinson & Elkins Litigation News, Fall 2004
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Opinions of counsel regarding infringement, validity, and enforceability of patents are useful for clients in avoiding or designing around the patents of third parties. Most of the case law regarding opinions of counsel, however, involves their use by clients in defense of willful infringement allegations, which can be critical given that trial courts have the discretion to increase damage awards to a patentee up to three times upon a finding of willful infringement. The “affirmative duty of due care that normally requires the potential infringer to obtain competent legal advice before infringing or continuing to infringe” often places an opinion of counsel in the litigation spotlight.

When a defendant decides to rely on the advice-of-counsel defense, the patentee will assert that having waived the attorney-client privilege and work-product defense, the patentee will assert that having specific disclosure and to all other communications of privilege. The scope of waiver generally extends to the specific disclosure and to all other communications regarding the same subject matter.

1 This paper is based on one prepared by our colleagues, Peter Mims and Devika Kornbacher. Our thanks to both.

2 See 35 U.S.C. § 284 (2005). While this statutory provision does not specifically mention trebling the damages for willfulness, the Federal Circuit has confirmed that willfulness will support an award of treble damages. See Jurgens v. CBK, Ltd., 80 F.3d 1566, 1570 (Fed. Cir. 1996).

3 See Jurgens v. CBK, Ltd., 80 F.3d 1566, 1572-1573 (Fed. Cir. 1996).

4 See Bank Brussels Lambert v. Credit Lyonnais (Suisse), Nos. 93 Civ. 6876, 94 Civ. 1317, 1995 WL 598971 at *5-6 (S.D.N.Y. Oct. 11, 1995) (“Notions of fairness underlie the principle of subject matter waiver”); Bower v. Weissman, 669 F. Supp. 602, 604 (S.D.N.Y. 1987) (“By producing . . . privileged communications . . . [defendant] has waived his privilege with respect to the entire subject matter”); In re Martin Marietta Corp., 856 F.2d 619, 623 (4th Cir. 1988), cert. denied sub nom., 490 U.S. 1011 (1989) (“[A]ny disclosure of a confidential communication outside a privileged relationship will waive the privilege as to all information related to the same subject matter”); Federal Election Commission v. Christian Coalition, 178 F.R.D. 61, 74 (E.D. Va. 1998) (“[T]he Fourth Circuit recognizes the concept of subject matter waiver; yet, subject matter waiver is appropriate only when the party seeking the privilege previously waived the attorney-client privilege to make some tactical use of the documentation”); In re Sealed Case, 676 F.2d 793, 808-809 (D.C. Cir. 1982) (“[V]oluntary disclosure . . . waives the privileges not only as to the specific communication disclosed but often as to all other communications relating to the same subject matter”).

5 448 F.3d 1294.


7 No. 2:04-CV-1 (DF) Order dated September 26, 2005 (Docket No. 357) (“September 26 Order”) at page 2.

8 Id.
October 6, 2005, the district court clarified its order, affirming that the scope of waiver extended to all work product of opinion counsel (except the allowable redactions), whether or not it had been communicated to EchoStar. Judge Folsom reasoned that although the materials may not have been directly communicated to EchoStar, they could lead to evidence of information conveyed to the alleged infringer. Both EchoStar and Merchant & Gould sought a writ of mandamus on this issue.

2. The Federal Circuit Opinion

In an opinion written by Judge Gajarsa, the Federal Circuit reviewed the discovery rulings above. As an initial matter, the court held that it would apply its own law and not the law of the regional circuit. The court declared that “questions of privilege and discoverability that arise from assertion of the advice-of-counsel defense necessarily involve issues of substantive patent law” and thus, Federal Circuit law rather than regional circuit law applies.11

The Federal Circuit rejected any distinction as to the nature of the counsel providing the opinion. The court rejected EchoStar’s claim that advice from in-house counsel did not constitute an “opinion,” but an “in-house investigation supervised by in-house counsel.” EchoStar held that any opinion of a legal nature, even from in-house counsel, constitutes “opinion of counsel.” Accordingly, assertion of the advice-of-counsel defense based on such an opinion results in a waiver of the attorney-client privilege “with regard to any attorney-client communications relating to the same subject matter, including communications with counsel other than in-house counsel.”

EchoStar next challenged the district court’s order as overly broad, requiring production of documents that it never received. The Federal Circuit agreed that the wholesale waiver of both the attorney-client privilege and the work-product doctrine was an abuse of the district court’s discretion. The court noted that the attorney-client privilege and the work-product doctrine, though related, are distinct concepts, and waiver of one does not necessarily waive the other.13

With respect to the attorney-client privilege, which protects “the confidentiality of the communications between attorney and client made for the purpose of obtaining legal advice,” the Federal Circuit noted that “selected waiver of the privilege may lead to the inequitable result that the waiving party could waive its privilege for favorable advice while asserting its privilege for unfavorable advice.” The court explained that in such a case, the party uses the attorney-client privilege as both a sword and a shield: “The overarching goal of waiver in such a case is to prevent a party from using the advice he received as both a sword, by waiving privilege to favorable advice, and a shield, by asserting privilege to unfavorable advice.” To prevent this abuse, the Federal Circuit held that “when a party defends its actions by disclosing an attorney-client communication, it waives the attorney-client privilege as to all such communications regarding the same subject matter.”

The Federal Circuit then discussed the work-product doctrine. In contrast to the attorney-client privilege, the work-product doctrine can protect “documents and tangible things” prepared in anticipation of litigation that are both non-privileged and relevant. “Unlike the attorney-client privilege, which protects all communication whether written or oral, work-product immunity protects documents and tangible things, such as memorandums, letters, and e-mails.” The Federal Circuit noted the importance of the work-product doctrine as “promot[ing] a fair and efficient adversarial system by protecting the ‘attorney’s thought processes and legal recommendations’ from the prying eyes of his or her opponent.” The Federal Circuit cited a number of cases lauding the importance of the work-product doctrine to the adversarial system of justice:

Essentially, the work-product doctrine encourages attorneys to write down their thoughts and opinions with the knowledge that their opponents will not rob them of the fruits of their labor. [Hickman v. Taylor, 329 U.S. 495, 511 (1947)]; id. at 516 [ ] (Jackson,

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9 No. 2:04-CV-1 (DF) Order dated October 6, 2005 (Docket No. 380) (“October Order”) at page 5.
10 EchoStar, 448 F.3d at 1299 (citing In re Spalding Sports Worldwide, Inc., 203 F.3d 800, 803-804 (Fed. Cir. 2000).
11 The district court below had noted a split of authority among district courts as to whether the scope of waiver resulting from the advice-of-counsel defense is a matter unique to patent law or a matter to be determined by precedent from the regional circuit courts. September 26 Order, at page 7.
12 EchoStar, 448 F.3d at 1299.
13 Id. at 1300.
14 Id.
15 Id.
16 Id. at 1301 (citing Fort James Corp. v. Solo Cup Co., 412 F.3d 1340, 1349 (Fed. Cir. 2005)).
17 FED. R. CIV. P. 26(b)(3).
18 Id.
19 Id.
J. concurring) ("[A] common law trial is and always should be an adversary proceeding. Discovery was hardly intended to enable a learned profession to perform its functions either without wits or on wits borrowed from the adversary."); United States v. Adlman, 68 F.3d 1495, 1501 (2d Cir. 1995) ("The purpose of the doctrine is to establish a zone of privacy for strategic litigation planning and to prevent one party from piggybacking on the adversary’s preparation."); Coastal States, 617 F.2d at 864 (noting that the effect of no immunity would mean “less work-product would be committed to paper, which might harm the quality of trial preparation”).

The Federal Circuit then noted that the work-product doctrine is not absolute, and that the opposing party may discover certain types of work product if they have “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 . . . by other means.” This rule, however, allows discovery of only “factual” or “non-opinion” work product and requires a court to “protect against the disclosure of the mental impressions, conclusions, opinions, or legal theories of an attorney or other representative.” A party may waive the work-product doctrine, but work product waiver is not a broad waiver of all work product related to the same subject matter like the attorney-client privilege. Rather, work-product waiver extends only to “factual” or “non-opinion” work product concerning the same subject matter as the disclosed work product. The Federal Circuit then noted the difficulty in distinguishing the line between “factual” work product and “opinion” work product, especially when, as here, an attorney’s opinion may itself be “factual” work product. These issues led the EchoStar court to suggest a balancing of principles. The Federal Circuit summarized by explaining that “[w]hen faced with the distinction between where that line lies, . . . a district court should balance the policies to prevent sword-and-shield litigation tactics with the policy to protect work product.”

With the foregoing guiding principles, the Federal Circuit defined three categories of work product that come up in discovery disputes regarding opinions of counsel as a defense to willfulness:

1. Documents that embody a communication between the attorney and client concerning the subject matter of the case, such as a traditional opinion letter;
2. Documents analyzing the law, facts, trial strategy, and so forth that reflect the attorney’s mental impressions but were not given to the client; and
3. Documents that discuss a communication between attorney and client concerning the subject matter of the case but are not themselves communications to or from the client.

With respect to the first category, the Federal Circuit held that waiver of the attorney-client privilege results in disclosure of the documents under the first category. As to the other two categories, the Federal Circuit acknowledged a split among district courts, and then held that waiver extends to the third category, but not so far as the second.

The Federal Circuit’s ruling stressed that the focus should be on documents that “inform the court of the infringer’s state of mind.” What the accused infringer knew or believed is the proper focus of a willfulness analysis. Required disclosure of documents in the third category prevents “sword-and-shield” litigation by an alleged infringer, but the legal and mental impressions in the second category present no such danger and should be protected. The Federal Circuit held that EchoStar’s outside counsel must disclose all communications made to EchoStar concerning the subject matter of the case and all documents that make a specific reference to such a communication. To protect the work-product doctrine, the court allowed redactions of any information that fell under the second category, even if it was included in a document that disclosed information falling under the other two categories.

Several important issues regarding the scope of waiver, however, were not clearly addressed in the decision. First, district courts have subsequently struggled with the issue of scope of the subject matter waiver, namely, whether or not a defendant can limit the waiver to the subject matter of the opinion. The

20 Id. at 1301.
21 Id. at 1302 (quoting FED. R. CIV. P. 26(b)(3)).
22 Id.
23 Id. at 1302.
24 Id.
25 Id. (citing Thorn EMI N. Am. v. Micron Tech. 837 F. Supp. 616, 622-23 (D. Del. 1993)).
26 EchoStar, 448 F.3d at 1302.
27 Id. at 1303 (emphasis in original).
28 Id. at 1304.
29 Id.
30 See infra, Section D.
Federal Circuit contributed to this confusion in its summary as follows:

Therefore, when an alleged infringer asserts its advice-of-counsel defense regarding willful infringement of a particular patent, it waives its immunity for any document or opinion that embodies or discusses a communication to or from it concerning whether that patent is valid, enforceable, and infringed by the accused.31

But EchoStar involved only an opinion of non-infringement. As the Federal Circuit did not modify the order below limiting the waiver solely to the issue of non-infringement, the court’s statement is dictum. Because the court’s statement did not clearly explain whether the assertion of the advice-of-counsel defense waives privilege only as to infringement, or as to validity, enforceability and infringement, subsequent district courts’ rulings have been inconsistent.

Another issue that EchoStar left unclear is the effect of the waiver on opinions of trial counsel. EchoStar argued that the waiver did not extend to advice and work product given after the litigation began. The Federal Circuit addressed this argument in a footnote as follows:

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. See Akeva LLC, 243 F.Supp.2d at 423 (“[O]nce a party asserts the defense of advice of counsel, this opens to inspection the advice received during the entire course of the alleged infringement.”); see also Crystal Semiconductor Corp. v. TriTech Microelectronics Int’l, Inc., 246 F.3d 1336, 1351-1353 (Fed.Cir.2001) (noting that an infringer may continue its infringement after notification of the patent by filing suit and that the infringer has a duty of due care to avoid infringement after such notification).32

The Akeva court, cited in the footnote above, explained that “[i]f an opinion was written by trial counsel and given to the client, that document must be revealed, even though such documents constitute opinion work product, which is due extra protection.”33 Some district courts have seen the Federal Circuit’s approving reference to Akeva as significant.

B. CHOICE OF LAW

In the September 26, 2005 district court order in the EchoStar case, the court noted that a split of authority existed as to whether regional circuit law or Federal Circuit law applied to the scope of waiver resulting from the advice-of-counsel defense.34 In a short paragraph, quoting Advanced Cardiovascular System v. Medtronic, Incorporated,35 the Federal Circuit concluded that Federal Circuit law applied.36

C. SCOPE OF WAIVER AS TO SUBJECT MATTER

EchoStar appears to settle the law concerning work product that is not communicated to a client.37 Now, when a client asserts the advice-of-counsel defense, opinion counsel will have to disclose all materials communicated to the client or referencing a communication with the client that relate to the subject matter of the opinion.38 This holding answered a question that previously split the courts into three groups: (1) those courts applying a narrow waiver, requiring only disclosure of materials that were actually communicated to the client and related to the subject matter of the opinion;39 (2) those courts

31 EchoStar, 448 F.3d at 1304.
32 Id. at 1302 n.4.
35 265 F.3d 1294, 1307 (Fed. Cir. 2001) (“Federal Circuit law applies when deciding whether particular written or other materials are discoverable in a patent case, if those materials relate to an issue of substantive patent law.”).
36 EchoStar, 448 F.3d at 1298.
37 At least one court, however, has disagreed with EchoStar’s approach. See Adidas Am., Inc. v. Payless ShoeSource, Inc., No. CV 01-1655-RE, 2006 U.S. Dist. LEXIS 79154, at *6-9 (D. Or. Oct. 19, 2006) (holding that the advice-of-counsel defense waives work product protection for both undisclosed and disclosed documents and information because there is a reasonable possibility that the information is conveyed in some form or fashion to the client. “[W]here discovery of ‘uncommunicated’ materials not allowed, accused infringers could easily and unfairly shield themselves from discovery of unfavorable advice by simply asking their counsel not to send it.”).
38 Id. at 1304.
39 See e.g., Thorn EMI North America, Inc. v. Micron Technology, Inc., 837 F. Supp. 616, 622-23 (D. Del. 1993) (counsel’s mental impressions, legal theories, etc. not probative unless disclosed to client); Micron Separations,
applying a broad waiver, requiring disclosure of all materials related to the opinion relied upon, whether or not those materials had been communicated to the client; and (3) those courts favoring other approaches, such as performing a balancing test and applying the principles of fairness to the specific facts of the case.

In EchoStar, the Federal Circuit adopted the narrow waiver approach, but because of the fact specific nature of the inquiry by the third group of courts, their approach may still be relevant.

EchoStar has, however, created uncertainty regarding the subject matter subject to the waiver. The court explained that waiver of the privileges by way of an advice-of-counsel defense requires disclosure of communications “concerning whether [the] patent is valid, enforceable, and infringed;” however, it did not order disclosure of documents beyond the infringement issue addressed in the opinion of counsel. District courts are, therefore, unclear as to whether the Federal Court requires disclosure of communications concerning validity, enforceability, and infringement, or if waiver is only effective to the extent of the specific defense addressed by counsel. Recently, in Autobytel, Incorporated v. Dealix Corporation, Judge Davis of the Eastern District of Texas summarized the inconsistent rulings on this issue in post-EchoStar decisions.44

40 See, e.g., Mushroom Assocs. v. Monterey Mushrooms, Inc., 24 USPQ2d 1767, 1769-70 (N.D. Cal. 1992) (explaining that what matters is relevance to the infringement issue, regardless if communicated); Matsushita Electronics Corp. v. Loral Corp., No. 92 Civ. 5461 (SAS), 1995 U.S. Dist. LEXIS 12880, *6 (S.D.N.Y. Sept. 7, 1995) (stating that the focus should be on information known by counsel to determine reasonableness of reliance, communication irrelevant); Cordis Corp. v. SciMed Life Systems, Inc., 980 F. Supp. 1030, 1034 (D. Minn. 1997) (finding that the operative issue is whether or not information served as factual predicate for counsel’s opinion, not whether communicated); Dunhall Pharmaceuticals, Inc. v. Discus Dental, Inc., 994 F. Supp. 1202, 1210 (C.D. Cal. 1998) (stating that counsel should disclose information that may lead to evidence of infringer’s state of mind, even if the information was not directly communicated); Verizon Cal., Inc. v. Ronald A. Katz Tech. Licensing, L.P., 266 F. Supp. 2d 1144, 1149 (C.D. Cal. 2003) (explaining that the totality of the circumstances test requires disclosure of information reflecting all knowledge gained, including work product not disclosed to client)


42 EchoStar, 448 F.3d at 1304.

43 Hereinafter Informatica II.

44 Hereinafter Informatica I.


44 The Northern District of Illinois also briefly summarized the split in CCC Info. Sevs. V. Mitchell Int’l, Inc., No. 03 C 2695, 2006 U.S. Dist. LEXIS 87255, at *12-13 (N.D. Ill. Dec. 1, 2006), while finding no need to address the open issue since plaintiff did not argue that the information sought was relevant to all advice-of-counsel defenses, but only to the defense against willfulness.

45 Hereinafter Informatica II.

46 Hereinafter Informatica I.
Pre-EchoStar courts traditionally took one of two views on the scope of waiver as to subject matter: (1) the narrow view limited to the specific defense addressed by the underlying opinion,
47 or (2) the broad view extending waiver not only to the subject matter of the underlying opinion, but also to any related matter in the case. 48 Following is an in-depth explanation of the post-EchoStar split among the district courts.

1. Waiver Restricted to the Same Subject Matter

The majority of post-EchoStar decisions addressing the effects of using the advice-of-counsel defense read EchoStar as requiring a narrow scope of waiver as to subject matter. The best argument for this proposition is that the EchoStar Magistrate Judge’s disputed September 12, 2005 order held that EchoStar’s reliance on non-infringement testimony extended only to the subject matter of that advice. 49 The Federal Circuit cited this restriction on scope without criticism and did not disapprove or explicitly broaden the order. 50 As the district court noted in Autobytel, the Federal Circuit cited Akeva LLC v. Mizuno Corporation 51 for its finding that assertion of the advice-of-counsel defense waives attorney-client privilege for all communication related to the same subject matter. 52 In Akeva, the district court defined “same subject matter” as “the subject matter of the underlying opinion.” 53 After reiterating that the point of waiver is to inquire into the infringer’s state of mind regarding its reasonable reliance on advice, the district court in Autobytel held: “Therefore, inquiries into the infringer’s state of mind regarding infringement defenses not addressed in the underlying opinion are of limited utility in determining whether the infringer’s reliance on the underlying opinion is reasonable.” 54

This limited utility is outweighed by the overachieving goals of the attorney-client privilege and the work-product doctrine. 55

A majority of the district courts similarly interpret EchoStar as limiting waiver to the specific defense addressed in the underlying opinion of counsel. 56

2. Broader Scope of Waiver

Despite the number of courts above applying a narrow subject matter waiver, at least two district courts have interpreted EchoStar’s use of the conjunction “and” as requiring a broad waiver. In Intex Recreation Corporation v. Team Worldwide Corporation, the plaintiff filed a motion to compel the defendant to deliver all documents relating to any opinions by the defendant’s counsel and any underlying investigations behind those opinions, whether related to infringement, validity, enforceability, or the scope of the patent-in-suit. 57 The D.C. District Court ruled for the plaintiff, interpreting EchoStar as extending waiver to all documents and


48 See, e.g., Motorola, Inc. v. Vosi Techs, Inc., No. 01-C-4182, 2002 WL 1917256, at *1 (N.D. Ill. Aug. 19, 2002) (finding it unfair to restrict waiver to opinion on validity only, and not infringement and other subjects).

49 September 26 Order, at page 4.

50 See EchoStar, 448 F.3d at 1299; Autobytel, 2006 WL 2850324 at *5. But see, No. 2:04-CV-1 (DF) Order dated May 16, 2006 (Docket No. 729) (on remand, Judge Folsom ordered that Merchant & Gould produce information related to both the infringement and validity analysis of the ‘389 patent). Notice that Autobytel relies on the fact that the Federal Circuit did not “explicitly broaden” the underlying order while Intex, infra, relies on the fact that the Federal Circuit did not “expressly” limit the subject matter scope. Until the Federal Circuit “explicitly” or “expressly” addresses the scope of waiver as to subject matter, this debate will continue.


52 EchoStar, 448 F.3d at 1299.

53 Akeva, 243 F. Supp. 2d at 423.

54 Autobytel, 2006 WL 2850324 at *5 (emphasis added).

55 Id. (citing EchoStar, 448 F.3d at 1301).

56 See Autobytel, 2006 WL 2850324 at *5; see also Genentech, 442 F. Supp. 2d 838 (explaining that waiver applies to “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) (emphasis added); see Informatica I, 2006 WL 2038461 at *1 (holding that the defendant “waived attorney-client privilege for both pre- and post-filing communications on the subject of the opinion on which it relies for its advice-of-counsel defense…”); Informatica II, 2006 WL 2329460 at *1 (affirming the scope determination and order issued in Informatica I); Beck Systems, 2006 WL 2037356 at *1, *5, *7, *18 (qualifying repeatedly any mention of subject matter by adding “of the legal advice on which [Defendant] relies” or similar language); CCC Info. Servs. V. Mitchell Int’l, Inc., No. 03 C 2695, 2006 U.S. Dist. LEXIS 87255, at *13 (N.D. Ill. Dec. 1, 2006) (focusing on whether the withheld information was “of the same subject matter as the opinion of non-infringement”).

communications regarding the validity, infringement, and enforceability of the patent, not just the opinion relied upon. The court noted that the Federal Circuit did not “expressly” hold that waiver is limited to the specific defenses asserted. The Intex court advocated this broad reading by quoting the Federal Circuit’s reference to disclosure of communications related to the “subject matter of the case.” The court argued that this language should logically be interpreted more broadly than the “subject matter of the opinion” language used in prior waiver cases. In Affinion Net Patents, Incorporated v. Maritz, Incorporated, the Delaware District Court did not perform as detailed an analysis as Intex, but still came to the same conclusion nonetheless. It summarily concluded that the defendant “waived the attorney-client privilege as to communications with ‘litigation counsel,’ and any other counsel, to the extent the communications relate to non-infringement, invalidity, and any other defense to infringement.”

D. SCOPE OF WAIVER IN RELATION TO THE ROLE OF COUNSEL

Because there were no such opinions in the case, the EchoStar court did not directly address the issue of whether and to what extent waiver applies to opinions of trial counsel. District courts have still, however, looked to the following EchoStar excerpt for guidance on this question:

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

Many courts have found this portion of EchoStar to require disclosure of communications by and with a trial counsel who gives advice or an opinion to the alleged infringer regarding infringement, validity, or enforceability. In the EchoStar decision, the only specific language addressing the temporal nature of the waiver (e.g., opinions provided after the filing of a complaint) was the citation to Akeva LLC v. Mizuno Corporation, which indicated that if the infringement continued after the filing of suit, any advice of counsel received after the filing of suit would also be open to inspection.

1. Dispute over Whether the Issue of Trial Counsel Waiver Was Addressed

Because the issue was not before the court in EchoStar, the Federal Circuit did not have the opportunity to rule on whether waiver extends to trial counsel and thus did not clearly define the boundaries of any such waiver. As a result, post-EchoStar courts have struggled to determine whether waiver should extend to trial counsel and the boundaries of any such waiver. The issue arises most readily when trial counsel and opinion counsel are from the same firm or are one and the same. There has even been a question of whether EchoStar requires application of the waiver to “merger” counsel.

The threshold question asked by the districts courts is whether or not EchoStar addressed the application of the waiver to trial counsel. In Genentech, Incorporated v. Insmed Incorporated, the Northern District of California refused to adopt such a broad reading of the EchoStar language cited above and concluded that the Federal Circuit “did not address the specific issue of waiver with respect to trial

64 Id. at 1302 n.4 (citing Aveka, 243 F. Supp. 2d 418, 423 (M.D.N.C. 2003) (“[O]nce a party asserts the defense of advice-of-counsel, this opens to inspection the advice received during the entire course of the alleged infringement.”)).

65 TiVo only requested disclosure of communications with counsel who gave EchoStar an opinion (i.e., in-house and outside opinion counsel but not trial counsel). September 26 Order at pages 2-3.


69 442 F. Supp. 2d 838 (N.D. Cal. 2006).
counsel.” In contrast, in Affinion Net Patents v. Maritz, Incorporated, the Delaware District Court relied on EchoStar’s reference to waiver of “any attorney-client communications relating to the same subject matter, including communications with counsel other than in-house counsel” to mean communications with “all counsel.” Other courts, have found that the issue was inherently addressed by the EchoStar court. In Informatica Corporation v. Business Objects Data Integration, another court in the Northern District of California read EchoStar’s focus on the infringer’s state of mind as extending waiver to any materials or opinions relevant to that focus, regardless of the affiliation or role of the attorney.

2. The Boundaries of Waiver as to Trial Counsel
   a. Broad Waiver with Respect to Trial Counsel

   Post-EchoStar decisions have uniformly held that the advice of opinion counsel received after the filing of suit is discoverable if the defendant relies upon the advice-of-counsel defense to willfulness. Relying on EchoStar and general propositions of law requiring fairness, some courts have unequivocally held that waiver broadly applies not only to opinion counsel, but also to defendant’s trial counsel.

   These courts consistently explain that the proper focus of the willfulness analysis is the state of mind of the accused infringer. As one judge explained it, “while opinion counsel and trial counsel can be walled off from each other, the immurement is immaterial — what matters, according to the decision by the Federal Circuit in EchoStar, is the [defendant’s] state of mind.”

   This Court finds that, by asserting advice of counsel as a defense to a charge of willful infringement of [Plaintiff’s] patents, [Defendant] waived privilege for both pre- and post-filing pertinent attorney-client communications and work product. Under the analysis in EchoStar, it is immaterial whether [Defendant’s] opinion counsel and trial counsel are from the same firm, different firms or are even the same person.

   The courts finding that waiver extends to communications with trial counsel do, however, uniformly acknowledge that waiver does not give the plaintiff an unfettered right to rummage through trial counsel’s files. Waiver applies only to those communications and work product related to the opinion relied upon for the advice-of-counsel defense.

   b. Restricted Waiver with Respect to Trial Counsel

   Some district courts seem uncomfortable with the possibly sweeping effect of such a broad approach to waiver of trial counsel’s work product and

   (“Defendant has waived the attorney-client privilege as to communications with ‘litigation counsel,’ and any other counsel, to the extent the communications relate to non-infringement, invalidity, or any other defense to infringement”); Computer Assocs. Int’l, Inc. v. Simple.com, Inc., No. 02 Civ. 2748, 2006 U.S. Dist. LEXIS 77077, at *13 (E.D.N.Y. Oct. 20, 2006) (reading EchoStar’s broad waiver language together with its favorable citation to Akeva LLC v. Mizuno Corp., 243 F. Supp. 2d 418, 423 (M.D.N.C. 2003) (holding that “all opinions received by the client relating to infringement must be revealed, even if they come from defendants’ trial attorney”) as indicating that the Federal Circuit would extend waiver to all attorneys who provided advice, including trial counsel); Outside the Box Innovations, LLC v. Travel Caddy, Inc., No. 1:05-cv-2482-ODE, 2006 U.S. Dist. LEXIS 74060, at *9 (N.D. Ga. Oct. 5, 2006) (explaining that “[plaintiff] is correct that the EchoStar decision held that if defendant relies on advice-of-counsel defense with respect to advice received from in-house counsel, then the waiver of attorney-client privilege applies to advice relating to the same subject matter received from other counsel.”) (internal quotes omitted).

   The courts finding that waiver extends to communications with trial counsel do, however, uniformly acknowledge that waiver does not give the plaintiff an unfettered right to rummage through trial counsel’s files. Waiver applies only to those communications and work product related to the opinion relied upon for the advice-of-counsel defense.

   (“Defendant has waived the attorney-client privilege as to communications with ‘litigation counsel,’ and any other counsel, to the extent the communications relate to non-infringement, invalidity, or any other defense to infringement”); Computer Assocs. Int’l, Inc. v. Simple.com, Inc., No. 02 Civ. 2748, 2006 U.S. Dist. LEXIS 77077, at *13 (E.D.N.Y. Oct. 20, 2006) (reading EchoStar’s broad waiver language together with its favorable citation to Akeva LLC v. Mizuno Corp., 243 F. Supp. 2d 418, 423 (M.D.N.C. 2003) (holding that “all opinions received by the client relating to infringement must be revealed, even if they come from defendants’ trial attorney”) as indicating that the Federal Circuit would extend waiver to all attorneys who provided advice, including trial counsel); Outside the Box

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71 440 F. Supp. 2d at 356.

72 EchoStar, 448 F.3d at 1299 (emphasis added).

73 Affinion, 440 F. Supp. 2d at 356.


75 See Beck Sys., Inc. v. Managesoft Corp., No. 05 C 2036, 2006 WL 2037356, *5 (N.D. Ill. Jul 14, 2006) (“We believe that the reasoning of EchoStar opinion... indicates that the Federal Circuit would extend this waiver to all attorneys other than those who provided the advice on which the defendant relies, irrespective of whether the other attorneys are trial counsel.”); Informatica Corp. v. Bus. Objects Data Integration, Inc., No. C 02-3378 JSW, 2006 WL 2329460, *1 (N.D. Cal. Aug. 9, 2006) (holding that the advice-of-counsel privilege waiver extends to opinions or advice given by trial counsel on the same subject matter of the opinion given by opinion counsel); Affinion Net Patents, Inc. v. Maritz, Inc., 440 F. Supp. 2d 354, 356 (D. Del.2006)
communications. They have therefore used a more fact-based approach which may restrict a plaintiff’s right to discovery of trial counsel’s materials. These courts rely on the broad language of EchoStar regarding the work-product doctrine and the importance of the work-product doctrine to the adversarial system to support their more restrictive approach.

In Ampex Corporation v. Eastman Kodak Company, the district court expressly rejected the patentee’s motion to compel production of all attorney-client communications between the defendant and trial counsel bearing on the subject of infringement. The court read EchoStar narrowly explaining that EchoStar did not address the issue of communications with trial counsel. The Ampex court explained its rejection of the patentee’s argument as follows:

If one received advice of non-infringement and also received an opinion on that same topic from another attorney, it would not matter on the question of waiver how the communication was labeled. But, if all attorney-client discussions touching on the same subject matter 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.

The Ampex court explained that while sometimes, such as in Akeva, a defendant may seek and rely on a non-infringement opinion from its trial counsel – blending the roles of trial counsel with those of opinion counsel – Ampex case did not involve such facts. While the court seems to agree with the notion that relied upon opinion advice – even if given by trial counsel – is subject to waiver, it made no real inquiry into the subject of trial counsel’s communications and summarily denied plaintiff’s request. This is a more narrow approach than the one taken by the courts in the “broad waiver” category.

In Indiana Mills & Manufacturing, Incorporated v. Dorel Industries, Incorporated, another district court initially expressly refused to extend the waiver to trial counsel’s communications and work product. The court stated, “There is no indication that the EchoStar court intended to extend this waiver to communication of trial counsel to work product of trial counsel. In fact that issue was not before the Court.” The reasoning of the Indiana Mills court, however, relied on its understanding that the defendant had not received “additional advice of counsel post filing, other than advice from counsel in the course of litigation.” Like in the Ampex decision, this court, making a fact-based inquiry, concluded that waiver was not an issue since there was no blending of opinion counsel and trial counsel. This implies that were trial counsel to give an opinion on infringement, waiver would apply. This implication is strengthened by the Indiana Mills’ court withdrawal of its opinion upon discovering that the defendant in fact had sought additional opinions regarding infringement after the lawsuit was filed. The court explained: “As a result, the Court must WITHDRAW its [prior Order], as it is apparent that the Court’s misapprehension of fact may have caused it to err in its application of the Federal Circuit Court of appeals recent decision in [EchoStar]."

While at first glance, both the Ampex and Indiana Mills decisions seem at odds with the above-cited cases, a closer look reveals that all these cases rely on the same fundamental principles. The courts all distinguish non-infringement opinions and advice from litigation opinions and advice. While a plaintiff may review those materials that reveal defendant’s state of mind, he never has the right to discover communications or work product discussing litigation strategy. The district court in a case called Genentech, Incorporated v. Insmed Incorporated clearly explains this distinction.

In Genentech, the court explained that while trial counsel’s opinions on infringement may be unfairness and sharp practices would inevitably develop in the giving of legal advice and in 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.”).
discoverable, the importance of protecting attorney work product and communications between attorney and client in the “heat of litigation” must not be disregarded. It highlighted EchoStar’s cautions against requiring the defendant to give the patentee “unfettered discretion to rummage through all of their files and pillage all of their litigation strategies.”\footnote{EchoStar, 448 F.3d at 1303.} As a result, the Genentech court adopted the following framework:

[This] Court … seeks to preserve in some fashion trial strategy while requiring disclosure of communications that are central and material to Defendants’ decision to engage in allegedly infringing activity. 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—\textit{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 Foley opinion counsel).

While this approach would include the most significant opinions and views expressed by trial counsel to Defendants (upon which a reasonable inference of reliance may be drawn), it would exclude lower level documents and communications that are more akin to discussions of trial strategy. For instance, a communication about the likelihood of success on infringement in light of the venue and probable jury pool is of central materiality to the ultimate question of infringement, and should therefore be produced. However, a discussion about the tactics of jury selection, the theme of the opening statement to the jury, etc. should not be disclosed. Likewise, predictions about how the judge will construe key claims and their impact on the outcome of the case should be produced, but discussions about which arguments should be made to the judge should not. The dividing line revolves around the degree of materiality to the client’s decision to launch the accused product (and continue its sale). Only that advice and work product of trial counsel that is reasonably central to that decision--and which presumably would carry the same kind of weight that advice from opinion counsel normally would--is waived. In this regard, all other things being equal, any negative opinions or views of trial counsel should be presumed to have a higher degree of materiality since one would expect the client would pay particularly close attention to such negative advice. Nonetheless, the degree of materiality to the ultimate question of invalidity or infringement would still have to be assessed even as to these negative communications. Thus, for instance, a report on a deposition that states a favorable deponent was not as helpful as hoped would likely not be producible, unless the deponent were a key witness testifying on a potentially dispositive matter such that the testimony would likely have a central and material effect on the outcome of the case.\footnote{Genentech, 442 F. Supp. 2d at 846.}

The Genentech court rejected the approach of the D.C. District Court in Intex Recreation Corporation v. Team Worldwide Corporation.\footnote{439 F. Supp. 2d 46 (D.D.C. 2006).} The Intex court adopted a so-called “middle ground” approach “under which waiver only extends to those trial counsel work product materials that have been communicated to the client and contain[] conclusions or advice that contradict or cast doubt on the earlier opinions.”\footnote{Id, 439 F. Supp. 2d at 49.} Thus, the Intex court held, if the advice of trial counsel “question[s] or contradict[s] in any way the competence or validity of the opinion rendered,” then such evidence would be discoverable.\footnote{Id. at 53.} The Genentech court lauded the Intex court’s attempt to balance the competing policy considerations, but noted the following practical problems:

1. What constitutes sufficient doubt that makes disclosure necessary?
2. Although trial counsel is an officer of the court, can trial counsel be trusted to make the unilateral decision on what contradicts or casts doubt on the advice of opinion counsel—particularly, when trial counsel is still an advocate and is deciding whether its own advice should be disclosed? . . .
3. How would the middle ground approach apply in the context of depositions of the trial counsel or client? . . .
4. Moreover, practical difficulties aside, what is the utility of permitting withholding of positive advice?\footnote{Genentech, 442 F. Supp. 2d at 845-846.}
In conclusion, the post-EchoStar opinions suggest that opinions given by trial counsel are discoverable. Additionally, most courts are likely to rule that any written communications from or by trial counsel on the issue addressed in a relied-upon opinion asserted for the advice-of-counsel defense are discoverable.

3. Additional Issues When Trial Counsel Also Serves as Opinion Counsel

In the recent decision of Crossroads Systems (Texas), Incorporated v. Dot Hill Systems Corporation, Judge Sparks of the Western District of Texas disqualified Morgan & Finnegan, litigation counsel that previously acted as opinion counsel for the defendant on the patent—insuit. Judge Sparks applied a “strict prohibition on all members of the testifying lawyer’s firm serving as trial counsel.” The court relied upon four separate ethical canons for the central point that an attorney shall not serve as trial counsel when it becomes clear he or she will be a necessary witness in the trial of the case. Nonetheless, the court held that “under the circumstances presented in the case, a strict prohibition on all members of the testifying lawyer’s firm serving as trial counsel is appropriate.” At a preliminary hearing, the court made clear that it would not permit Morgan & Finnegan to serve as trial counsel if other members of the firm were offered as opinion counsel. When the issue came before the court by way of a motion to disqualify, the court disqualified the firm, and explained its ruling as follows:

Crossroads will be seeking to attack the reasonableness of Dot Hill’s reliance on the opinions given by Morgan & Finnegan attorneys, in part, by attacking the accuracy and validity of the opinions themselves as well as the work underlying the formulation of the opinions. Moreover, the reasonableness of Dot Hill’s reliance on the opinions will necessarily raise other factual questions, such as what relevant, non-privileged facts (besides those contained in the opinion letters) were communicated between Dot Hill and its opinion counsel. [citation omitted] Since both the credibility and legal acumen of Morgan & Finnegan attorneys will be in issue at the trial, if other Morgan & Finnegan attorneys were permitted to serve as trial counsel, they would be placed in the awkward and unseemly position of having to advocate for the credibility and reliability of the testimony of their law partners. Even worse, if the testifying Morgan & Finnegan attorneys were to give testimony that was adverse to Dot Hill’s interests, the attorneys serving as trial counsel would be squarely confronted with a conflict of interest in grappling with competing duties to the client and to the firm. Other potential problems would be sure to arise in the course of a trial in which members of Morgan & Finnegan would be serving as trial counsel while others would be testifying as witnesses. The trial counsel would be put in the position of having to comment on and actively praise the work product of their own firm in the course of arguing the reasonable reliance on the opinion letters by Dot Hill. Another difficulty would be that numerous extraneous issues would likely be injected into the case if a Morgan & Finnegan witness is permitted to testify. Efforts at impeaching the Morgan & Finnegan witnesses may inquired into potential sources of bias, including the amount of fees that were generated in the production of the letters and the amounts Morgan & Finnegan earned before the production of the letters and continues to earn to this day based on its work for Dot Hill. If Morgan & Finnegan were to continue to serve as trial counsel, these questions could potentially serve to impeach the credibility of Dot Hill’s trial counsel at the same time as they affect the credibility of the witnesses. The credibility of a party’s trial counsel, however, clearly should not be an issue in the case.

Furthermore, so long as Morgan & Finnegan serves as trial counsel, the motivations behind the potential for a decision not to call the Morgan & Finnegan opinion attorneys as witnesses on behalf of Dot Hill becomes immediately suspect. So long as the Morgan & Finnegan trial attorneys are grappling with divided loyalties to their firm and to their client, there can be no assurance that their representation of Dot Hill would not be different if the credibility and competence of

94 The court cited as applicable the local rules of the district court in which the motion is brought, the American Bar Association (“ABA”) Model Rules of Professional Conduct (“Model Rules”), the ABA Model Code of Professional Responsibility (“the Model Code”), and the rules of professional conduct employed by the bar of the state in which the court sits. Id. (citing FDIC v. U.S. Fire Ins. Co., 50 F.3d 1304, 1312 (5th Cir. 1995)).
95 Id.
their partners were not in issue. Other issues that Morgan & Finnegan’s service as trial counsel would tend to implicate include knowledge on the part of the Morgan & Finnegan attorneys concerning: (1) the reasons for the Chaparral purchase; (2) the development of products designed to defeat infringement; and (3) the economic benefit to Dot Hill with respect to the sale of potentially infringing products. In sum, there are simply too many potential rabbit trails and invitations to jury confusion if Morgan & Finnegan attorneys were permitted to serve as trial counsel when their partners will be taking the stand as witnesses.96

The Genentech court also discussed the risks involved when trial counsel also serves as opinion counsel.97 In holding that the opinions of trial counsel were discoverable, the district court in Genentech noted that the defendants’ “decision to hire opinion counsel and trial counsel from the same firm entailed a certain amount of risk.”98 The court in Genentech disagreed with the defendant’s assertion the trial team had been walled off from the trial team and thus should be treated separately.99 In addition, the Genentech court held that the defendant had relied on the trial team because of “circumstantial evidence” regarding the timing of the release of the accused product, for advice on willfulness which occurred after the patent infringement suit was filed. The court noted that trial counsel did not state “that the trial team never voiced any views about the opinion letters or that the trial team never commented to the client on the likelihood of success on the issues of infringement and validity.”100 Accordingly, these decisions suggest that using the same counsel for both trial and opinion counsel further complicates the defendants’ assertion of the advice-of-counsel defense.

E. CONCLUSION

Although EchoStar clarified some issues regarding the waiver of privilege with respect to an opinion of counsel in the context of a willful infringement claim, significant issues remain to be resolved by the courts. Trial counsel and clients should review the case law as it continues to develop and its ramifications in connection with the assertion of an advice-of-counsel defense to willful infringement.

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96 Crossroads, 2006 WL 1544621 at *10-11.
97 Genentech, 442 F. Supp. 2d at 841.
98 Id. (citing Ampex Corp. v. Eastman Kodak Co. 2006 WL 1995140, at *4 n.4 (D. Del. July 17, 2006) (“I emphasize that the present case does not involve a party choosing to use an attorney as both opinion counsel and trial counsel. That choice involves an unfortunate blending of roles that is, thankfully, rare and beyond the discussion provided here.”)
99 Id.
100 Id. at 840.