

Privileged Communications with Alleged Willful Infringers Post *Knorr-Bremse*

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PRIVILEGED COMMUNICATIONS WITH ALLEGED WILLFUL INFRINGERS POST *KNORR-BREMSE*

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I. INTRODUCTION

For the last twenty-one years, an unsuccessful patent litigation defendant accused of willful infringement suffered a special penalty for asserting attorney-client privilege or work-product protection as to legal advice it received regarding the asserted patent. As in all cases, the jury was instructed as to the standard for willfulness: that a defendant with notice of a patent has an affirmative duty to exercise due care to determine whether it is infringing the patent, including the duty to seek and obtain competent legal advice from counsel before the initiation of possibly infringing activity. As a consequence of the defendant's assertion of its privilege, however, the jury additionally was instructed that it should presume that the defendant either obtained no advice of counsel, or did so and was advised that its actions would infringe a valid patent.¹

In its *en banc Knorr-Bremse*² opinion in September 2004, the Federal Circuit unanimously overruled its precedent mandating the adverse presumption resulting from assertion of attorney-client privilege or work-product protection. The pressures the presumption placed on a party to disclose its privileged communications, the court held, unduly intruded upon "the public interest in encouraging open and confident relationships between client and attorney."³ The court, however, left other aspects of existing willfulness law, including the underlying due care duty, intact, provoking a dissent as to this issue pointing out the likely limited effectiveness of the court's action in curing the problems it described in existing law.⁴

As the Federal Circuit and district courts resolve the several questions left unanswered by *Knorr-Bremse*, attorneys must continue to advise their clients regarding and litigate ongoing patent disputes. The following sections first summarize the law underlying *Knorr-Bremse*, next summarize the court's opinion, and then discuss how attorneys might advise clients about patent risks in light of the post-*Knorr-Bremse* state of the law.

II. THE PRE-*KNORR-BREMSE* STATE OF THE LAW

Upon a patentee's showing that an infringing party willfully infringed a valid patent, the Patent Act permits that the court may impose increased damages, up to three times the actual damages assessed.⁵ Such increased damages are considered punitive in nature and a means of deterring deliberate infringement.⁶

In 1983, just a year after the Federal Circuit began its work, in *Underwater Devices* the court set out its test for willful infringement, holding that where "a potential infringer has actual notice of another's patent rights, he has an affirmative duty to exercise due care to determine whether

¹ See generally *infra* notes 7-15 and accompanying text.

² *Knorr-Bremse Systeme Fuer Nutzfahrzeuge GmbH v. Dana Corp.*, Nos. 01-1357, 01-1376, 02-1221 and 02-1256, 2004 U.S. App. LEXIS 19185 (Fed. Cir. Sept. 13, 2004).

³ *Id.* at *18.

⁴ *Id.* at *38-40 (Dyk, concurring-in-part and dissenting-in-part).

⁵ 35 U.S.C. Section 284; see *Sharper Image Corp. v. Honeywell Int'l Inc.*, No. C 02-4860, 2004 U.S. Dist. LEXIS 14796, *19 and n.13 (N.D. Cal. July 28, 2004) (noting that "[t]he purpose of empowering judges to enhance damages is to equip them to respond appropriately when the defendant's conduct moved beyond mere liability and into the zone of culpability" and citing to *Beatrice Foods Co. v. New England Printing & Lithographing Co.*, 923 F.2d 1576 (Fed. Cir. 1991)).

⁶ See, e.g., *Read Corp. v. Portec, Inc.*, 970 F.2d 816, 826 (Fed. Cir. 1992); *SRI Int'l v. Advanced Tech. Lab.*, 127 F.3d 1462, 1464 (Fed. Cir. 1997) ("the Patent Act authorizes the court to 'increase the damages up to three times the amount found or assessed.'" The statute prescribes no standards for such increase, but . . . The statute [] recognizes the tortious nature of patent infringement and the public interest in a stable patent right, for enhanced damages are not compensatory but punitive.").

or not he is infringing,” including “the duty to seek and obtain competent legal advice from counsel before the initiation of any possible infringing activity.”⁷ Whether an infringer has disregarded this duty and willfully infringed is a question of fact, “for it includes elements of intent, reasonableness, and belief,”⁸ and it must be established by clear and convincing evidence.⁹ In deciding whether a defendant’s infringement was “willful,” the trier of fact must consider “the totality of the circumstances” and ask whether in light of those circumstances “a reasonable person would prudently conduct himself with any confidence that a court might hold the patent invalid and not infringed.”¹⁰

The Federal Circuit has set forth various lists of factors to assist trial courts “in evaluating the degree of the infringer’s culpability and in determining whether to exercise its discretion to award enhanced damages and how much the damages should be increased.”¹¹ Three of these factors principally concern whether willful misconduct occurred:

- (1) whether the infringer deliberately copied the ideas or design of another;
- (2) whether the infringer, when he knew of other patent protection, investigated the scope of the patent and formed a good-faith belief that it was invalid or that it was not infringed; and,
- (3) the infringer’s behavior as a part to the litigation.

Other factors also may be considered, however, although they more commonly help determine the extent of enhancement once willfulness has been found:

- (4) defendant’s size and financial condition;
- (5) closeness of the case;
- (6) duration of defendant’s misconduct;
- (7) remedial action by the defendant;
- (8) defendant’s motivation for harm; and,
- (9) whether the defendant attempted to conceal its misconduct.¹²

Although the totality-of-the-circumstances test thus theoretically considered many factors, there was a widely shared perception the weightiest of factors is whether the accused willful infringer sought and received a competent legal opinion as to non-infringement, invalidity or unenforceability upon notice of the patent.¹³

Shortly after its 1983 *Underwater Devices* opinion, in which the Federal Circuit created the affirmative duty to exercise due care, including the usual “duty to seek and obtain competent legal advice from counsel before the initiation of any possible infringing activity,”¹⁴ the court held that where an accused willful infringer fails to produce exculpatory legal advice, the court is free to infer that either no advice of counsel or opinion letter was obtained, or if an opinion was obtained, that it was adverse to the alleged infringer’s desired actions.¹⁵ The adverse inference permitted by this line of

7 *Underwater Devices, Inc. v. Morrison-Knudsen Co.*, 717 F.2d 1380, 1389-90 (Fed. Cir. 1983).

8 *Pall Corp. v. Micron Separations*, 66 F.3d 1211, 1221 (Fed. Cir. 1995); see also *Underwater Devices*, 717 F.2d at 1389-90.

9 *Comark Commun. v. Harris Corp.*, 156 F.3d 1182, 1190 (Fed. Cir. 1998).

10 See, e.g., *Knorr-Bremse*, 2004 U.S. App. LEXIS 19185, at *12-13 (“Determination of willfulness is made on consideration of the totality of the circumstances, and may include contributions of several factors”) (internal citations omitted); *American Med. Sys. v. Med. Eng. Corp.*, 6 F.3d 1523, 1530 (Fed. Cir. 1993); *Comark*, 156 F.3d at 1190; *Ryco, Inc. v. Ag-Bag Corp.*, 857 F.2d 1418, 1428 (Fed. Cir. 1988).

11 E.g., *Read Corp.*, 970 F.2d at 828. See *Knorr-Bremse*, 2004 U.S. App. LEXIS 19185, at *12-13 (“Determination of willfulness ... may include contributions of several factors, as compiled, e.g., in *Rolls-Royce Ltd. v. GTE Valeron Corp.*, 800 F.2d 1101, 1110 (Fed. Cir. 1986) and *Read Corp. v. Portec, Inc.*, 970 F.2d 816, 826-27 (Fed. Cir. 1992)”).

12 *Rolls-Royce*, 800 F.2d at 1110; *Read Corp.*, 970 F.2d at 828; *Bott v. Four Star Corp.*, 807 F.2d 1567, 1572 (Fed. Cir. 1986).

13 See, Matthew D. Powers and Steven C. Carlson, *Article: The Evolution and Impact of the Doctrine of Willful Patent Infringement*, 51 *Syracuse L. Rev.* 53, 29 (2001); see also *Comark*, 156 F.3d at 1190.

14 *Underwater Devices*, 717 F.2d at 1390.

15 See *Kloster Speedsteel AB v. Crucible, Inc.*, 793 F.2d 1565, 1580 (Fed. Cir. 1986) overruled in part by *Knorr-Bremse*, 2004 U.S. App. LEXIS 19185; *Fromson v. Western Litho Plate & Supply Co.*, 853 F.2d 1568, 1572-73 (Fed. Cir. 1988) overruled in part by *Knorr-Bremse*, 2004 U.S. App. LEXIS 19185.

cases put added pressure on defendants to get an opinion letter and waive the attorney-client privilege as to the subject matter of the opinion to support an advice of counsel defense to willful infringement.

In this state of law, willful infringement was virtually always asserted,¹⁶ at least for tactical discovery advantage. Patent holders tend to allege willfulness even when the patent issued or the defendant had notice a few days before, or concurrently with, the filing of the complaint.¹⁷ This of course is so because, first, there is no significant burden when pleading willfulness.¹⁸ Second, even if the plaintiff cannot meet its burden and prevail on willfulness, the allegation alone is likely to lead to otherwise unobtainable discovery.¹⁹ Further, at least one study has found that patent owners asserting willful infringement have succeeded in getting some enhancement of damages a significant portion of the time.²⁰ Statistical analysis of the Administrative Office of the United States Courts' data gathered from all patent cases tried from 1983 through 1999 has revealed that (a) 39% of the 888 decisions that found infringement included findings of willfulness and (b) enhanced damages were awarded in 70% of the 219 cases in which judges considered enhancement issues.²¹

III. A SUMMARY OF *KNORR-BREMSE*

In *Knorr-Bremse* the district court found that a brake manufacturer and its customer had engaged in willful infringement, in part explicitly because neither provided the trial court with an opinion regarding the patent and the resulting presumption that the opinions therefore were, or would have been, adverse to the defendants.²² The manufacturer of the infringing brakes had obtained a legal opinion, but declined to disclose it based upon its attorney-client privilege. The customer, had no legal opinion of its own, but relied upon the manufacturer's advice and indemnity.²³

In reversing the finding of willfulness, the Federal Circuit's opinion focuses solely on the continuing viability of its precedent directing an adverse presumptions if an accused willful infringer fails to produce a legal opinion at trial. First addressing the case of a party with an opinion, but which asserts the attorney-client privilege or work-product protection rather than producing it, the court holds that no presumption should be drawn from the assertion of the privilege.²⁴ The court notes that the defendant may waive the privilege and produce the opinion,²⁵ but does not discuss the consequences of its decision to do so or not do so. The court also explicitly refuses to opine about what future juries may be told regarding an undisclosed opinion as part of the totality of circumstances test, explicitly denying the request of several amici curiae that it do so.²⁶

Similarly, the court holds that a party's failure to obtain any legal opinion justifies no inference or presumption that, had the opinion been obtained, it would have been unfavorable.²⁷ Enigmatically, the court notes that the party nevertheless continues to have "an affirmative duty of due care to avoid infringement of the known patent rights of others,"²⁸ but says nothing as to whether this duty continues to usually include "the duty to seek and obtain competent legal advice from counsel before the initiation of any possible infringing activity."²⁹

16 See *Sharper Image*, 2004 U.S. Dist. LEXIS 14796, at *47-48 and n. 27 ("allegations of willfulness have become almost a standard feature of complaints sounding in infringement"); see also David O. Taylor, *Wasting Resources: Reinventing the Scope of Waiver Resulting from the Advice-of-Counsel Defense to a Charge of Willful Patent Infringement*, 12 Tex. Intell. Prop. L.J. 319, 323 (Winter 2004).

17 See, e.g., *Advanced Cardiovascular Sys. v. Medtronic, Inc.*, 265 F.3d 1294, 1301 (Fed. Cir. 2001) (Plaintiff asserts (and prevails on) willfulness even though patent issued one month before filing of complaint); *Power Lift, Inc. v. Lang Tools, Inc.*, 774 F.2d 478, 482 (Fed. Cir. 1985) (Plaintiff asserts and prevails on willfulness in suit filed nine days after patent issued).

18 See *Sharper Image*, 2004 U.S. Dist. LEXIS 14796, at *47-48.

19 See *id.* at *48; see also John F. Lynch, *Risky Business: Coping with a Charge of Willful Infringement*, Sedona Conference Journal, vol. IV, 31 (2003) (opining that there are clear tactical advantages to the patentee asserting willful infringement, regardless of success on the merits, such as discovery of otherwise unobtainable privileged materials, and almost no downside).

20 Kimberly A. Moore, *Article: Judges, Juries, and Patent Cases - An Empirical Peek Inside the Black Box*, 11 FED. CIR. B.J. 209 (2001).

21 *Id.* at 237, 241.

22 *Knorr-Bremse Systeme Fuer Nutzfahrzeuge GmbH v. Dana Corp.*, 133 F. Supp. 2d 843, 863 (E.D. Va. 2001), *rev'd*, *Knorr-Bremse*, 2004 U.S. App. LEXIS 19185 (Fed. Cir. 2004).

23 *Id.* at 857-58 & n.20.

24 *Knorr-Bremse*, 2004 U.S. App. LEXIS 19185, at *16-20.

25 *Id.* at *20.

26 *Id.* at *25.

27 *Id.* at *22.

28 *Id.*

29 *Underwater Devices*, 717 F.2d at 1390; see *supra* note 7.

Finally, the opinion considers and rejects that the existence of a substantial defense to infringement at trial itself is sufficient to “defeat liability for willful infringement even if no legal advice has been secured.”³⁰ Rather, the court holds, this factor continues to be just one of the matters a court can consider in the totality of circumstances.

Judge Dyk dissents in part from the court’s opinion to the extent it reaffirms an affirmative duty of a potential infringer, required to avoid willful infringement, to exercise due care to determine whether it is infringing.³¹ Most of Judge Dyk’s analysis focuses on his opinion that imposing such a duty violates governing Supreme Court law limiting, as a matter of due process, when punitive damages may be imposed, and that the duty of care is unsupported by statute, legislative history or precedent. Judge Dyk also argues, however, that the duty of care, even in the absence of the presumptions derogated by the court’s opinion, will continue to interfere with the ability of attorneys to candidly advise their clients regarding patent infringement issues, and continue to foster the “cottage industry of window-dressing legal opinions.”³² Finally, Judge Dyk notes that the court’s opinion leaves unexplained how the duty of care is intended to operate in the absence of a legal opinion:

But the majority opinion does not address whether a potential infringer can satisfy the requirement of due care without securing and disclosing an opinion of counsel, or, if such an opinion is not absolutely required, whether an adverse inference can be drawn from the accused infringer’s failure to obtain and disclose such an opinion.³³

IV. OBTAINING OPINIONS AND WAIVERS OF PRIVILEGE AFTER *KNORR-BREMSE*

A. The Need for Opinion Letters

The pre-*Knorr-Bremse* regime, as noted by one district court judge, all but forced an accused willful infringer to demonstrate it had obtained competent legal advice that its activities infringed no valid claim of the relevant patent.³⁴ Is this changed by the *Knorr-Bremse* decision eliminating any presumption as to the content of an undisclosed or never-obtained opinion, while unequivocally retaining at least the affirmative duty of due care to avoid infringement of patent rights, and perhaps also retaining the duty in most circumstances to seek and obtain competent legal advice from counsel? At least in the short run, until the courts resolve what is expected of accused willful infringers, the answer for most defendants is that little has changed.

Even if in time *Knorr-Bremse* is taken to mean that no explicit duty to obtain a legal opinion exists, the duty of care standard often will be difficult to meet without such an opinion. The “affirmative duty” test of *Underwater Devices*,³⁵ which often is framed in terms of what a “prudent person”³⁶ would do or a how “reasonable person would prudently conduct himself”³⁷ in order to conclude that no valid patent claim is infringed, is likely to often require such an opinion. As one district court noted, “for products or processes that involve some subtlety or complexity, it has become extremely difficult to” persuade a jury that an accused willful infringer discharged the “duty of due diligence without securing (and relying on in litigation) an independent legal opinion.”³⁸ This particularly is the case if the accused willful infringer is a business of significant size that obviously turns to lawyers for its legal determinations.³⁹ Thus, while some circumstances - such as a case like *Knorr-Bremse* lacking actual damages⁴⁰ - might justify a different conclusion, in most cases accused willful infringers will continue to want to have and rely on the same comprehensive exculpatory opinions obtained before *Knorr-Bremse*.

30 *Knorr-Bremse*, 2004 U.S. App. LEXIS 19185, at *26.

31 *Id.* at *28-41.

32 *Id.* at *39.

33 *Id.* at *40.

34 *Johns Hopkins Univ. v. CellPro*, 160 F.R.D. 30, 34 (D. Del. 1995).

35 717 F.2d at 1389.

36 *E.g.*, *SRI Int'l*, 127 F.3d at 1465.

37 *E.g.*, *Minnesota Mining & Mfg. Co. v. Johnson & Johnson Orthopaedics, Inc.*, 976 F.2d 1559, 1580 (Fed. Cir. 1992).

38 *Sharper Image*, 2004 U.S. Dist. LEXIS 14796, at *31.

39 *See, e.g.*, *Rolls-Royce*, 800 F.2d at 1110. (“Infringers should not escape a finding of willfulness by merely denying themselves counsel’s advice while relying on opinions of lay-employees”).

40 *See* 2004 U.S. App. LEXIS 19185, at *6.

One exception to this general rule is that *Knorr-Bremse* often will justify customers' decisions to rely upon assurance from suppliers that the supplier has the requisite opinion, particularly when, as is common,⁴¹ the supplier is indemnifying the customer for any infringement. Such a decision is well within the appropriate conduct of a prudent customer, particularly in circumstances in which the customer does not know, and cannot easily determine, relevant details of the allegedly infringing product.

Finally, the unanswered question raised by Judge Dyk, whether any inference may be drawn from the absence of evidence of an exculpatory opinion, remains an important one.⁴² So, too, is the question whether an inference will be drawn as a consequence of the absence of evidence that results from invocation of the privilege.⁴³ Presumably, the *Knorr-Bremse* opinion's insistence that no penalty should follow from the invocation of privilege will lead district court judges to preclude arguments by patent owners' lawyers asking that juries draw an adverse inference from the invocation of the privilege itself. Federal law, however, elsewhere sometimes makes the subtle distinction between disallowing an inference from the invocation of a privilege, but nevertheless allowing an inference to be drawn from a party's failure to provide the evidence protected by the privilege.⁴⁴

B. Waiver of Privilege and Work-Product Protection

For the same reasons that an accused willful infringer will continue to obtain opinion letters, an accused infringer often will be pressed to decide to waive attorney-client privilege and work-product protection so that it can use the opinion letters to demonstrate to the jury it obtained legal advice that its activities infringed no valid claim of the relevant patent. Potentially, a accused infringer instead might seek to preserve its privilege by informing the jury that it obtained a letter, but not disclosing the substance of the letter. Although invited to do so by amici curiae, the *Knorr-Bremse* court declined to provide guidance as to how the fact an opinion letter was obtained, without disclosing the substance of the letter, might be used in this matter.⁴⁵ Accused willful infringers therefore will continue to face the difficult choice whether use of its opinion letter is important enough to justify the resulting waiver of privilege.

Current law makes it impossible to predict the scope of waiver that will result from a decision to use an opinion letter. When an accused willful infringer asserts an advice of counsel defense to a claim of willful infringement, she generally "waives the attorney-client privilege as to all communications to and from counsel concerning the transaction for which counsel's advice was sought."⁴⁶ The basis for the breadth of the waiver is that "parties should not be able to manipulate the privilege so as to release only favorable information and withhold anything else."⁴⁷ So what are the boundaries of this waiver when defending against a willfulness charge? Is it limited as to subject matter? Does it cover only attorney-client communications? Does it extend to fact work product or opinion work product? Is the waiver limited to the time up until the opinion letter was generated? Are communications with trial counsel on the subject matter of the opinion from separate opinion counsel discoverable as well? Different district courts, different judges on the same court, and even the same judge in different cases have reached significantly different conclusions as to the resulting scope of waiver.

Federal district courts have divergent views on the scope of the waiver flowing from assertion of the advice of counsel defense. While the law seems consistent that the waiver extends at least to all pre-filing attorney-client communications on the specific subject matter (i.e. infringement or validity or unenforceability) of the opinion, precedent within and between districts varies on whether the waiver encompasses part or all of the attorney's work product. It also varies as to the temporal bounds of the waiver. In addition, there is no controlling precedent as to whether the waiver applies to opinion counsel only or stretches to reveal litigation counsel's advice and/or uncommunicated work product on the same subject matter.

41 See, e.g., Uniform Commercial Code Section 2-312(3).

42 See *supra* note 33 and accompanying text.

43 2004 U.S. App. LEXIS 19185, at *18-20.

44 See generally 26A Charles A. Wright & Kenneth W. Graham, Federal Practice and Procedure, Section 5752, 611-612 (1992).

45 See *supra* note 26 and accompanying text.

46 *Kelsey-Hayes Co. v. Motor Wheel Corp.*, 155 F.R.D. 170, 171 (W.D. Mich. 1991).

47 *Id.*

The narrower waiver as to only that which is communicated between at least opinion counsel and the client has been applied in several districts, including Delaware, Massachusetts, and the Western District of Michigan.⁴⁸ The waiver covers attorney-client communications, including work product to the extent it has been communicated to the client. The courts' bases for the narrow scope is that the alleged willful infringer's state of mind is paramount⁴⁹ and only that which is communicated to the client is probative of the client's state of mind. The rational and ruling articulated by the Delaware court in 1993 in the *Thorn EMI* case has become a primary example of this narrower scope, which is relied on and cited in other districts.

In *Thorn EMI*, the Delaware court refused to find waiver as to attorney work product uncommunicated to the client on the basis that "[t]he facts of consequence to the determination of a claim of willful infringement relate to the infringer's state of mind" and "[c]ounsel's mental impressions, conclusions, opinions or legal theories are not probative of that state of mind unless they have been communicated to that client."⁵⁰ The Court explicitly refused to follow broader waiver cases in other districts as well as precedent in the District of Delaware that provided for waiver of work product documents that related in any way to counsel's advice.⁵¹ This reasoning has been followed in Massachusetts and the Western District of Michigan.

Two years after *Thorn EMI*, the Massachusetts District court rendered a similar opinion in the *Micron* case, relying in part on the reasoning set forth in *Thorn EMI*, holding that the waiver of the attorney-client privilege and work product protection extends to all information regarding communications between the client and attorney.⁵² The court ordered only documents in the possession of the client to be turned over pursuant to the waiver.⁵³ Similarly, when evaluating the scope of the waiver in 1997, the Western District of Michigan court stated, relying on Federal Circuit precedent, that "it is clear that the infringer's intent, not that of counsel, is the relevant issue."⁵⁴ The court spelled out what communications and documents would be probative as to the accused willful infringer's state of mind - and to which the waiver therefore extends - including all communications between counsel and the client regarding the subject matter of the opinion, all documents in the client's possession that refer or relate to counsel's opinion, all documents in the client's possession that represent information relayed to counsel as a basis for her opinion, and all information provided by the client to counsel regarding the subject matter of the opinion.⁵⁵ The court noted that "the scope of the waiver is 'broad,' to the extent that it is necessary to shed complete light upon the alleged infringer's state of mind" but "narrow, as it pertains to the attorney's state of mind."⁵⁶ The Michigan court also found *Thorn EMI* persuasive and more consistent with Federal Circuit precedent, and rejected the broader waiver discussed in cases below.⁵⁷ It also apparently rejected the broader waiver ordered in the 1991 Western District of Michigan *Kelsey-Hayes* case.⁵⁸

The Northern District of Florida has applied a broader waiver, including waiver as to any evidence considered by the attorney who gave the opinion (i.e. all fact work product) - regardless of whether it was communicated to the client - but excluding waiver as to opinion work product not communicated to the client.⁵⁹ The court rejected the limitation on discovery of uncommunicated fact work product in cases like *Steelcase* on the basis that the accused willful infringer's subjective state of mind (i.e. whether reliance on advice of counsel was reasonable) is proven in part by objective evidence, and part of that evidence is the factual bases relied upon by counsel to form the opinion.⁶⁰ However, in line with the previously discussed cases like *Thorn EMI*, the court found that "[c]ounsel's

48 See, e.g., *Thorn EMI N. Am. v. Micron Tech.*, 837 F. Supp. 616, 620-22 (D. Del. 1993); *Micron Separations v. Pall Corp.*, 159 F.R.D. 361, 363-364 (D. Mass. 1995); *Steelcase Inc. v. Haworth, Inc.*, 954 F. Supp. 1195, 1198-2000 (W.D. Mich. 1997).

49 See *Read Corp.*, 970 F.2d at 828 ("Willfulness is a determination as to a state of mind.").

50 *Thorn EMI*, 837 F. Supp. at 622.

51 *Id.* at 621 (stating that the earlier Delaware decision "may state too broadly the extent to which a contention of good faith reliance on the advice of counsel waives the privilege" and refusing to follow cases such as *Mushroom* and *FMT Corp.*, discussed *infra*).

52 *Micron Separations*, 159 F.R.D. at 362-64.

53 See *id.* at 363-64.

54 *Steelcase*, 954 F. Supp. at 1198 (referring to *Ortho Pharmaceutical Corp. v. Smith*, 959 F.2d 936, 944 (Fed. Cir. 1992)).

55 *Id.* at 1198-1199.

56 *Id.* at 1199.

57 *Id.*

58 *Kelsey-Hayes*, 155 F.R.D. at 172 (ordering alleged infringer to produce documents or other materials used by or prepared by the alleged infringer's counsel "which refer to the [] opinion" and also "any other opinions which support, contradict or weaken the [] opinion, or other evidence which would go to [alleged infringer's] good faith reliance on the [] opinion must also be produced....").

59 See *D.Ö.T. Connectors v. J.B. Nottingham & Co.*, No 4:99cv311, 2001 U.S. Dist. LEXIS 739, *7-11 (N.D. Fla. Jan. 22, 2001).

60 *Id.* at *10-11.

mental impressions, conclusions, opinions, or legal theories are not probative of that state of mind [of defendant] unless they have been communicated to the client.”⁶¹

Still a broader waiver, including all opinion work product, has been applied in many district courts, including the Northern, Central and Eastern Districts of California, and interestingly, in the District of Delaware. Although these courts have varying rationales for permitting the discovery of opinion work product, the result in the end is the same - that it will virtually always be discoverable when an advice of counsel defense is set forth.

A commonly relied upon opinion for the broadest of waivers is the Mushroom case from the Northern District of California.⁶² The court’s determination that the waiver extends to opinion work product began by noting that under Federal Rule of Civil Procedure 26(b)(3), most work product will be discoverable upon a showing of substantial need and inability without undue hardship to obtain substantially equivalent materials.⁶³ The court reasoned that in a case where the accused willful infringer asserts an advice of counsel defense, counsel’s opinion work product is directly at issue. For example, the court notes, “knowing what the attorney thought about infringement bears directly on the defendants’ advice of counsel defense in this case.”⁶⁴ Therefore a substantial need exists for the work product so the discovering party can adequately challenge the advice of counsel defense.⁶⁵ Applying this rationale, the court acknowledges that in most cases, the party seeking discovery will be able to meet the standard imposed by Rule 26(b)(3).⁶⁶ Applying various rationale, other districts in California have applied similarly broad waivers.⁶⁷

Also applying a different rationale, and contrary to the narrow waiver in the 1993 *Thorn EMI* decision, there are recent broad waiver cases in the District of Delaware.⁶⁸ In 2002, in *Novartis*, the Delaware court discussed and distinguished the *Thorn EMI* precedent from subsequent District of Delaware precedent set by the *Mosel* decision, which *Novartis* followed.⁶⁹ The court noted that while the decisions are consistent on the scope of the waiver of attorney-client communications, they differ with respect to the scope of discovery of work product.⁷⁰ Both cases focus their analyses on the accused willful infringer’s state of mind but the courts differ in their conclusion as to what is probative of that state of mind.⁷¹ In *Mosel*, the court concluded that counsel’s work product is highly probative of the accused infringer’s state of mind because “[i]t would be irrational to assume that there could be no relationship between what counsel really thought (as reflected in [their] private papers)” and what counsel communicated to the client.⁷² Likewise, the *Novartis* court held that the advice of counsel defense means a waiver of all attorney-client communications and discovery of all work product related to the subject matter of counsel’s advice.⁷³

In addition to the uncertainty an accused infringer faces as to the discoverability of its opinion counsel’s work product, the district courts also have varying views on the temporal bounds of the waiver. For instance, under some opinions in the Northern District of California, an accused willful infringer not only faces the broadest of attorney-client communications and attorney work product, but also the broadest waiver as to time - the court imposes no temporal restrictions at all.⁷⁴ Likewise in the Eastern District of California, the *Chiron* court held that all communications, both

61 *Id.* at *11-12.

62 See *Mushroom Assoc. v. Monterey Mushrooms, Inc.*, No C-91-1092, 1992 U.S. Dist. LEXIS 19664 (N.D. Cal. May 19, 1992).

63 *Id.* at *13.

64 *Id.* at *14.

65 *Id.* at *13.

66 *Id.*

67 *Dunhall Pharms., Inc. v. Discus Dental, Inc. et al.*, 994 F. Supp. 1202, 1204-06 (C.D. Cal. 1998) (following the rationale underlying the broader waiver that “although the state of mind of the client is the issue, the basis and facts surrounding the advice provided by counsel are relevant in the process of investigating that state of mind” and holding that “waiver includes any evidence relating to the subject matter of the asserted defense, whether or not communicated to the defendants.”); *Chiron Corp. v. Genentech, Inc.*, 179 F. Supp.2d 1182, 1189-90 (E.D. Cal. 2001) (“Fairness requires that a party who seeks to be absolved of willful infringement because it relied on counsel’s advice pay the discovery price. The party asserting the defense waives attorney-client privilege and work product immunity to the broadest extent consonant with direct relevance to the advice of counsel itself.”).

68 See *Novartis Pharms. Corp. v. Eon Labs Mfg.*, 206 F.R.D. 396 (D. Del. 2002); *Mosel Vitelic Corp. v. Micron Tech., Inc.*, 162 F. Supp. 2d 307 (D. Del. 2000).

69 *Novartis*, 206 F.R.D. at 397-98.

70 *Id.* at 397.

71 *Id.*

72 *Id.* at 398; *Mosel*, 162 F. Supp. 2d. at 312.

73 *Novartis*, 206 F.R.D. at 398.

74 *Mushroom Assoc.*, 1992 U.S. Dist. LEXIS 19664, at *15-16 (ordering production of all documents without temporal limitation); *McCormick-Morgan, Inc. v. Teledyne Indus.*, 765 F. Supp. 611, 613-14 (N.D. Cal. 1991) (“is not appropriate thereafter for the waiving parties or judge to limit the waiver on a temporal basis”).

pre and post-filing of the complaint, are discoverable.⁷⁵ The *Chiron* court rejected cases limiting the waiver to pre-filing communications on the basis that “[t]hose cases presume that nothing that transpires during litigation should be pertinent to the client’s state of mind” when that “presumption is not in accord with the reality of litigation.”⁷⁶ The court also found support for this position in District of Delaware precedent that noted that facts regarding willful infringement might arise during the litigation itself.⁷⁷ Similarly, under *D.O.T.*, in the Northern District of Florida, even though uncommunicated opinion work product is not discoverable, an accused defendant must be prepared to accept that there are no temporal limitations as to the waiver of attorney-client communications or discovery of fact-based work product.⁷⁸

If an accused infringer finds herself sued in the Central District of California, although it seems likely that she faces discovery of her opinion counsel’s work product, the *Dunhall* court ruled that the discoverability of that work product ends as of the date the lawsuit is filed.⁷⁹ The *Dunhall* court based this limitation on a finding that post-filing, defense counsel is involved in trial strategy and preparation and analysis of the weaknesses of the client’s case, which is “fundamentally different from a similar pre-litigation analysis.”⁸⁰ Likewise, under *Micron*, in the District of Massachusetts, fortunate defendants face a more limited waiver not only as to that which is communicated between the attorney and client, but also as to the temporal limitation of the waiver, which ends as of the date the case is filed.⁸¹

Lastly, and most importantly for client-litigation counsel communication considerations, whether or not the waiver extends to communications with and documents of litigation counsel in addition to opinion counsel also is uncertain. Many cases permit broad discovery including trial counsel’s documents, even where trial counsel is a different law firm. The only hope for limitations on that discovery, and only in some district courts, appears to be temporal or when trial counsel’s opinion work product does not contradict the opinions of opinion counsel.

If an accused willful infringer is likely to be or is sued in the Northern District of California, the Northern District of Florida, or the District of Oregon, she should be aware that the waiver likely will be broad and include her trial counsel’s materials. The often cited *Mushroom* case in the Northern District of California held as to the waiver of the attorney client privilege that “[t]he deliberate injection of the advice of counsel into a case waives the attorney-client privilege as to communications and documents relating to the advice” and that “the defendants have waived the attorney-client privilege with respect to *all documents* pertaining to the infringement of the [] patent” without expressly limiting the materials as to the source.⁸² In addition, with respect to work product, the court held that “[b]y asserting the advice of counsel defense, the defendants have waived their attorney work product immunity. All documents containing work product relevant to the infringement issue must be produced” without mentioning any limitation as to source.⁸³ The failure to expressly limit the broad waiver as to source might lead to the conservative conclusion that there is no limitation, and other districts have used *Mushroom* to conclude just that.

In the *D.O.T.* case, the Florida district court followed the reasoning and rulings of *Mushroom* to extend the waiver to opinions on the subject matter of the opinion letter of any other counsel, including trial counsel, which were communicated to the defendant.⁸⁴ The only limitation then is communication with the client. However, adding to the uncertainty, other courts have examined *Mushroom* and come to a different conclusion with respect to the absence of an express statement that all trial counsel’s documents are subject to the waiver.

75 *Chiron*, 179 F. Supp. 2d at 1188 and n.4 (rejecting the Central District’s temporal limitation in *Dunhall*).

76 *Id.* at 1188 n.4 (rejecting the Central District’s temporal limitation in *Dunhall*).

77 *Id.* at 1188 (citing the *Mosel* decision at p. 314).

78 *D.O.T.*, 2001 U.S. Dist. LEXIS 739, at *9-10 and n.4.

79 *Dunhall*, 994 F. Supp. at 1205-06.

80 *Id.* at 1206.

81 *Micron*, 159 F.R.D. at 364.

82 *Mushroom Assoc.*, 1992 U.S. Dist. LEXIS 19664, at *9-12 (emphasis added).

83 *Id.* at *14-15 (emphasis added).

84 *D.O.T.*, 2001 U.S. Dist. LEXIS 739, at *7 (“The waiver extends to *opinions* of any other counsel, including trial counsel, which also addressed the *subject matter* in the [opinion counsel’s] opinion and which were communicated to D.O.T.”) (emphasis in original).

In the *Micron* case in the District of Massachusetts, the court recognized that *Mushroom* could be read to include waiver as to all of trial counsel's opinion work product, but noted that it was not clear.⁸⁵ As discussed previously, *Micron* is a case where the waiver is only as broad as that which is communicated to the client, and also ends with the filing of the suit. As to trial counsel's opinion work product, the court found that the waiver extends to any of present trial counsel's documents communicated to the client before trial that contain "potentially damaging information" or express "grave reservations" with regard to the opinion letter.⁸⁶ But the court declined to require disclosure of trial counsel's opinion work product communicated to the client where those mental impressions, conclusions or legal theories were "consistent with the opinion letter and do not, in any respect, contradict the opinion letter or recite facts which cast doubt on the opinion letter and/or the bases of the opinions contained in the opinion letter."⁸⁷

The District of Oregon in the *Haney* case imposed a broad waiver similar to that of *Mushroom* and *D.O.T.*⁸⁸ Whether it had bearing on the court's conclusion or not, in moving to compel documents in trial counsel's possession, the Plaintiff pointed out, and the court noted, that document logs showed that defendant's trial counsel had sent documents to opinion counsel concerning infringement and validity.⁸⁹ The court concluded that the defendant "must produce not only the opinion letters of counsel 'but also all other attorney communications on the same subject matter and all documents relied upon or considered by counsel at the time and in conjunction with rendering that opinion'" including "documents in the possession of the [trial counsel's] firm that deal with this same subject."⁹⁰

Although the *Chiron* case in the Eastern District of California, which applies the broadest waiver as to scope and time, drew a line when it came to disclosure of present litigation counsel communications,⁹¹ it appears from the court's opinion that this limitation was only imposed because it was one expressly agreed to by the parties.⁹² Otherwise, the court's opinion seems to indicate that it would have imposed a broader waiver permitting access to documents "even if prepared by trial counsel after suit was commenced."⁹³ The Northern District of Illinois case cited for this proposition by the *Chiron* court permitted the discovery of all documents in trial counsel's files that contradicted or "cast doubt" on the opinions relied upon regardless of whether there was evidence that those documents were communicated to the client.⁹⁴ It did so on the basis that "[t]he practical reality is that if negative information was important enough to reduce to a memorandum, there is a reasonable possibility that the information was conveyed in some form or fashion to the client."⁹⁵

Although some cases limit the waiver of trial counsel's opinion work product after the filing of the lawsuit and only if those opinions "cast doubt" on the opinion rendered by trial counsel, accused infringers and their trial counsel must be weary of communicating on the subject matter of the opinions of opinion counsel as it is almost certain any such communications will be discoverable by the patentee. In light of numerous rulings where the waiver extends to attorney-client privilege communications and work product documents (regardless of whether they were communicated to the client), both prior to and after the filing of a lawsuit, and as to both opinion and litigation counsel's advice, and because of the lack of any binding precedent limiting the waiver, clients and attorneys must be prepared for the broadest waiver possibilities.

There is no reason to believe district courts will become any more consistent regarding their waiver decisions in light of *Knorr-Bremse*. There, however, is reason to believe that more often broad waivers will be found. That is because, as at least one court noted, in the past judges have narrowed

85 *Micron*, 159 F.R.D. at 364-65.

86 *Id.* at 365.

87 *Id.*

88 *Haney v. Timesavers, Inc.*, Nos. 93-151, 92-270, 93-703 and 94-804, 1995 U.S. Dist. LEXIS 15222, at *7-9 (D. Or. Oct. 11, 1995).

89 *Id.* at *8.

90 *Id.* at *9 (quoting *FMT Corp. v. Nisei ASB Co.*, 24 U.S.P.Q.2d 1073, 1075 (N.D. Ga. 1992)).

91 *Chiron*, 179 F. Supp. at 1187 ("Genentech must produce attorney-client communications pertinent to any counsel (except litigation counsel of record) involved in setting forth a communication expressly indicating [] an opinion or conclusion on the on the subject matter of the [] patents.").

92 *Id.* at 1188.

93 *Id.* (quoting *Beneficial Franchise Co. v. Bank One, N.A.*, 205 F.R.D. 212, 218 (N.D. Ill. 2001)).

94 *Beneficial Franchise*, 205 F.R.D. at 218; but see *Thermos Co. v. Starbucks Corp.*, 1998 U.S. Dist. LEXIS 17753, at *14 (N.D. Ill. Nov. 3, 1998) (ordered disclosure only of communicated work product of trial counsel that contradicted or cast doubt on opinion letter).

95 *Beneficial Franchise*, 205 F.R.D. at 218.

the scope of waiver in a belief that fairness required a narrower waiver because of the compulsive nature of the pre- *Knorr-Bremse* presumption that applied in the absence of waiver (the presumption that the opinion was adverse to the accused willful infringer).⁹⁶ To the extent that waivers now appear more “voluntary” in nature, judges presumably will apply privilege waiver law more mechanically, with the result that broader waivers often will be found. Ultimately - assuming the issue is one as to which a single-rule of law is appropriate for all patent cases⁹⁷ - this issue likely will be resolved by a decision of the Federal Circuit, but for the foreseeable future, attorneys and their clients will have to plan in light of the diversity of district courts’ views on the scope of waiver.

C. Potential Procedural Solutions to Waiver Issues

As district court judges and litigants repeatedly encounter the difficulties of a waiver of privilege potentially impacting communications even with litigation counsel, they have sought to find procedural solutions to at least ameliorate the resulting difficulties. Two predominate: delaying disclosure of any opinion letter and the resulting waiver, and bifurcation of the willfulness issue.

The first of these solutions - delaying the time during the litigation when an accused willful infringer is required to elect to waive privilege or be foreclosed from using its opinion letter - has become relatively standard practice, at least in some districts.⁹⁸

The second solution - bifurcation - is more difficult to obtain. In theory, bifurcation resolves many of the problems that would result from requiring disclosure of attorney opinions or work product. Issues of infringement and validity - the issues that would be encompassed by any opinion letter - are separately tried, prior to any discovery of privileged material. If the patent owner wins the first trial, it then is allowed to discover the privileged and work-product material related to any opinion letters, and following a reasonable period for that discovery, trial on the willfulness and, usually, damages issues is held.

In *Fromson*, the Federal Circuit in dicta agreed that a separate trial on willfulness, “e.g., as part of a separate trial on damages” might be a useful approach “in meeting the attorney-client privilege problem.”⁹⁹ A few years later in the *Quantum* case, the Court noted that “[p]roper resolution of the dilemma of an accused infringer who must choose between the lawful assertion of the attorney-client privilege and avoidance of a willfulness finding if infringement is found, is of great importance not only to the parties but to the fundamental values sought to be preserved by the attorney-client privilege.”¹⁰⁰ The Federal Circuit urged: “[t]rial courts ... should give serious consideration to a separate trial on willfulness whenever the particular attorney-client communications, once inspected by the court *in camera*, reveal that the defendant is indeed confronted with this dilemma.”¹⁰¹ The District of Delaware in the *Novartis* case also suggested that a future solution to the waiver problem might be “separating the issues of willfulness and damages from other patent issues.”¹⁰² However, this proposed solution is not one without difficulties, and seldom is used.

“[F]or patent cases already plagued by need for a separate *Markman* hearing to settle claim construction, the added complications and burdens of a further bifurcated trial ... hardly seems an efficient or universal solution.”¹⁰³ Many district courts have refused to bifurcate the issues of willfulness and damages on various bases such as bifurcation would not be efficient, would complicate the trial on other matters, would cause needless delay and duplication of effort, and would require

96 *Sharper Image*, 2004 U.S. Dist. LEXIS 14796, at *32 (“Because the waivers with which the law is generally most comfortable are truly voluntary, and because substantive patent law has evolved in a direction that injects a substantial element of involuntariness into waivers in the setting we address here, courts should be careful not to define the scope of these waivers more broadly than is justified by the fairness objectives on which waiver doctrine is supposed to turn”).

97 Federal Circuit precedent governs if the scope of privilege waiver is an issue that “is affected by the special circumstances of the patent law setting in which those issues arise.” See, e.g., *Midwest Indus., Inc. v. Karavan Trailers, Inc.*, 175 F.3d 1356, 1359-60 (Fed. Cir. 1999).

98 E.g., N.D. Cal. Patent L.R. 3-8 (2000) (“Not later than 50 days after service by the Court of its Claim Construction Ruling, each party opposing a claim of patent infringement that will rely on an opinion of counsel as part of a defense to a claim of willful infringement shall: (a) Produce or make available for inspection and copying the opinion(s) and any other documents relating to the opinion(s) as to which that party agrees the attorney-client or work product protection has been waived”).

99 *Fromson*, 853 F.2d at 1572, overruled in part on other matters by *Knorr-Bremse*, 2004 U.S. App. LEXIS 19185.

100 *Quantum Corp. v. Tandon Corp.*, 940 F.2d 642, 643-44 (Fed. Cir. 1991).

101 *Id.*

102 *Novartis*, 206 F.R.D. at 398 n.2.

103 Lynch, *supra* note 19, at 45.

additional time and expense.¹⁰⁴ Moreover, separating the trial on liability from the trial on damages often is not practical and creates duplication of effort as evidence on liability and damages overlaps.¹⁰⁵ Bifurcation provides further complications if trial courts or parties attempt to secure the same jury for both trials.¹⁰⁶

V. ADVISING CLIENTS IN LIGHT OF *KNORR-BREMSE*

If legal advice continues to be an important part of satisfying the obligation of due care, how has *Knorr-Bremse* changed how clients should obtain, and attorneys should provide, legal that legal advice? Probably, not very much. It will continue to be important that counsel in every role remain diligently so that a future privilege and work-product waiver of unexpected scope does not result in evidence harmful to the client.

Communications with, and the work product of, opinion counsel's firm (including litigation counsel's work product, if she and opinion counsel are in the same firm¹⁰⁷) must be presumed to be discoverable. This of course includes not only the ultimate opinion rendered, but all interim and subsequent communications and work product. And - despite the sometimes cynical view that oral communications cannot be effectively discovered in light of "faulty memory" - clients need to understand that all communications, oral and written (including, of course, informal email) are equally subject to scrutiny by opposing counsel. Often this means that the client will need legal advice about its communications to assure that only appropriate material is sent by the client. Indeed, some communications, such as the factual or technical predicate for the opinion, are best drafted by the client's general or litigation counsel. Similarly, communications within the client organization about the opinion, as well as other communications with opinion counsel, must be prepared with the expectation of discoverability, and should be overseen by counsel. So, too, must general and litigation counsel keep in mind that their communications with opinion counsel also are likely to be discoverable.¹⁰⁸

Litigation counsel likely will have to communicate with opinion counsel. For example, as trial events - such as a claim construction - call into question the validity of opinions expressed by opinion counsel, updates should be obtained.¹⁰⁹ Communications to opinion counsel about these litigation events, and requesting review of prior opinions in light of them, are not only likely discoverable, but also can be construed by a fact finder as imposing on the independence of opinion counsel. Letters and email, crafted for jury exhibition, are therefore usually the preferred means of communication.

One particular problem that resulted from the *Underwater Devices* duty of care and the accompanying presumption, in the absence of disclosure of an exculpatory opinion, that any opinion was contrary to the infringer's desired actions, has been that opinion counsel believe they are unable to provide genuine legal advice. Instead, the usual practice is for opinion counsel to provide "window-dressing legal opinions"¹¹⁰ unequivocally finding no valid claim of the relevant patent infringed. This is not because of any legal constraint; the Federal Circuit has declared more equivocal, genuine

104 See Donald S. Chisum, Chisum on Parents, Section 20.03 [4][b][v][J], Matthew Bender (2000) and ar fn. 334.

105 See Powers, *supra* note 2, at 95; see also *Sharper Image*, 2004 U.S. Dist. LEXIS 14796, at *51 n. 29 ("Bifurcation ... often is perceived as impractical").

106 *Id.*

107 See, e.g., *Novartis*, 206 F.R.D. at 398-99 (concluding that "everything with respect to the subject matter of counsel's advice is discoverable" and compelling defendant to produce all documents from opinion and trial counsels' law firm relating to the subject matter of the opinion).

108 E.g., *D.O.T.*, 1995 U.S. Dist. LEXIS 15222.

109 *Pall Corp.*, 66 F.3d at 1221-22; *Polaroid Corp. v. Eastman Kodak Co.*, No. 76-1634, 1990 U.S. Dist. LEXIS 17968, *236 (D. Mass. Oct. 12, 1990) (citing to *Central Soya Co. v. Geo. A. Hormel & Co.*, 723 F.2d 1573, 1577 (Fed. Cir. 1983)).

110 *Supra*, note 32. See also *Novartis*, 206 F.R.D. at 399 (commenting that "legal gamesmanship [is] creeping into the practice of rendering infringement and validity opinions."); *Mosel*, 162 F. Supp. 2d at 312 ("because both attorney and client know why the advice of counsel is being sought, their relationship has the potential to be premised upon the understanding (whether explicit or implicit) that only favorable information should be disclosed"); *Johns Hopkins Univ. v. CellPro, Inc.*, 152 F.3d 1342, 1348 (Fed. Cir. 1998) (facts show opinion letters were obtained and used to induce investment in the defendant company, and Court found facts showing many shortcomings in analysis of the patents and prior art could allow reasonable jury to conclude the letter could not instill reasonable confidence that defendant did not infringe valid patents); Lynch, *supra* note 19, at 31-46, 37 ("attorney opinions addressing potential patent liability are now fashioned not as balanced analyses of the likely infringement exposure, but as future court exhibits intended to be displayed before a jury."); D. Bartel, *Article: Drawing Negative Inferences upon a Claim of the Attorney-Client Privilege*, 60 Brooklyn L. Rev. 1355, 1410 (Winter, 1995) (opining that clients aware that being frank with their attorneys could be used to their detriment if pressured to waive privilege as to any legal opinion on non-infringement and invalidity are likely to withhold unfavorable information from their attorney and even fabricate or shade facts).

opinions preferable.¹¹¹ But, candor usually is sacrificed in order to produce the most effective possible jury exhibit demonstrating the client's good faith basis for believing no infringement would occur. As a consequence, clients do not learn from opinion counsel what their actual legal risk might be.

Providing genuine legal advice to a client that desires to know that actual risk is not easy. Because of the likely waiver of privilege, opinion counsel, who presumably is in an ideal position to evaluate the real infringement and validity situation, cannot ever write or communicate any opinion that is not intended to be discovered in litigation. While advice from the client's in-house, general or litigation counsel might escape as automatic a discovery order requiring disclosure, in many courts any advice from *any* counsel on the same subject - broadly defined as infringement or validity - as opinion counsel's opinion will have to be disclosed once privilege is waived.¹¹²

One unwise, but nevertheless often tried, solution to this dilemma is for litigation counsel to provide solely *oral* advice. Against an effective adversary, however, this may only result in requiring oral testimony from litigation counsel about the advice - resulting not only in a prejudicial disclosure of the candid advice, but also possible disqualification of counsel and her firm.¹¹³

Potentially, more useful litigation - and other - counsel could communicate with the client solely about likely litigation outcomes. In a carefully conducted conversation, counsel explains to the client that opinion counsel has provided an opinion about governing law, and litigation counsel will not duplicate or contradict any part of that opinion. Instead litigation counsel will explain the strength and weaknesses of various litigation positions (including prevailing on proof that the patent is not infringed or is invalid). The position that such advice does not constitute a discoverable opinion, but instead non-discoverable work product, is supported by Federal Circuit precedent.

VI. CONCLUSION

Knorr-Bremse is a first step in correcting the several problems that have plagued attorney-client communications with accused willful infringers, but a wholly inadequate one. Potentially accused infringers must still assume that they someday will be required to prove due care to avoid infringement under a vague totality-of-the-circumstances test. Specially prepared, one-sided legal opinions continue to be an important and compelling element of such a showing. As a result, in light of the district courts' varying and sometimes very broad rules of privilege waiver, potential infringers likely will continue to obtain legal advice focused on jury impact rather than informing clients of genuine legal risks.

111 *Read Corp.*, 970 F.2d at 829 n.9 ("An opinion of counsel, of course, need not unequivocally state that the client will not be held liable for infringement. An honest opinion is more likely to speak of probabilities than certainties. A good test that the advice given is genuine and not merely self-serving is whether the asserted defenses are backed up with viable proof during trial which raises substantial questions").

112 *See, e.g., D.O.T.*, 2001 U.S. Dist. LEXIS, at *4, ("The waiver is a subject matter waiver which applies to all lawyers who provided opinions to the defendant concerning the defense to a claim of willful infringement" including trial counsel.)

113 *See, e.g., Reynolds v. Super. Ct. (Siders)*, 177 Cal. App. 3d 1021, 1026 (Cal. App. 1st Dist. 1986); Delaware Lawyer's Rule of Profession Conduct 3.7(a); Texas Disciplinary Rule of Professional Conduct 3.08.

114 *See Crystal Semiconductor Corp. v. Tritech Microelectronics Int'l, Inc.*, 246 F.3d 1336, 1352 (Fed. Cir. 2001) ("defenses prepared for a trial are not equivalent to the competent legal opinion of non-infringement or invalidity which qualify as 'due care' before undertaking any potentially infringing activity."); *see also Dunhall*, 994 F. Supp. at 1206 (imposing temporal limitation on waiver to protect trial preparation and strategy noting that "critical trial preparation" including "analysis of the weaknesses of their client's case" although "related to the subject matter of the asserted [advice of counsel] defense, is fundamentally different from a similar pre-litigation analysis.")