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Recent Developments in Patent Privilege Law

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I. INTRODUCTION

The protection of communications between a party and its attorneys based on attorney client privilege and work product protection is well-established in the law.[1] Recently, courts have considered the discoverability of communications between a party and other entities on issues relevant to (and sometimes unique to) patent law. First, courts have considered whether work product protection applies to communications with third-party litigation funders. Third-party funders are involved during the preparation of litigation, but attorneys may or may not be involved in working with a third-party funder. Second, federal and state courts have considered whether privilege applies to communications with a party and a patent agent when prosecuting and preparing patent applications. This paper analyzes recent developments related to both issues.

II. WORK PRODUCT PROTECTION FOR COMMUNICATIONS RELATED TO LITIGATION FINANCING IN PATENT LITIGATION

A. The Work Product Doctrine

It is well established that a party "may obtain discovery regarding any nonprivileged matter that is relevant to any party's claim or defense and proportional to the needs of the case."[2] Relevant information need not be admissible at trial to be discoverable.[3] Relevance is construed broadly to include any matter that bears on, or reasonably could lead to other matters that could bear on, any issue that may be in the case.[4] Federal Rule of Civil Procedure 26(b)(3) states, however, that "a party may not discover documents and tangible things that are prepared in anticipation of litigation or for trial by or for another party or its representative (including the

[1] FED. R. EVID. 501; FED. R. CIV. P. 26.
[2] FED. R. CIV. P. 26(b)(1).
[3] *Id.*
[4] *Oppenheimer Fund, Inc. v. Sanders*, 437 U.S. 340, 350-51 (1978) (footnote omitted) (citing *Hickman v. Taylor*, 329 U.S. 495, 501 (1947)).

other party's attorney, consultant, surety, indemnitor, insurer, or agent)."[5] Those work-product materials may be discovered only if "(i) they are otherwise discoverable under Rule 26(b)(1); and (ii) the party shows that it has substantial need for the materials to prepare its case and cannot, without undue hardship, obtain their substantial equivalent by other means."[6] And even when substantial need for those work-product materials is shown, courts must still "protect against disclosure of the mental impressions, conclusions, opinions, or legal theories of a party's attorney or other representative concerning the litigation."[7]

The work product doctrine's purpose is to protect the integrity of adversarial proceedings by shielding documents prepared in anticipation of litigation, and by shielding the surrounding expression of thoughts and opinions.[8] The doctrine generally protects from discovery by an adverse party any materials prepared by or for a party in "anticipation of litigation."[9] The work product doctrine promotes the adversary system by allowing an attorney to assemble relevant information, develop legal theories, and plan legal strategies without undue concern as to whether his or her adversary will be privy to such preparation.[10]

The party asserting work product protection bears the burden of proving that the withheld material are: 1) documents and tangible things; 2) prepared in anticipation of litigation or for trial; and 3) the documents and tangible things were prepared by or for the party asserting the privilege.[11] Importantly, the work product doctrine does not bar discovery of facts.[12]

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[5] FED. R. CIV. P. 26(b)(3)(A) (emphasis added).
[6] *Id.*
[7] FED. R. CIV. P. 26(b)(3)(B).
[8] *Hickman*, 329 U.S. at 512–13.
[9] *Id*. at 508; *see also* FED. R. CIV. P. 26(b)(3).
[10] *Hickman*, 329 U.S. at 508; *see also Upjohn Co. v. United States*, 449 U.S. 383, 397-98 (1981); *United States v. Nobles*, 422 U.S. 225, 237 (1975).
[11] *See* Charles Alan Wright & Arthur R. Miller, FEDERAL PRACTICE AND PROCEDURE § 2024 (2d ed. 1995); *see also* FED. R. CIV. P. 26(b)(3); *NLRB v. Sears, Roebuck & Co.*, 421 U.S. 132 (1975).
[12] *Mitchell Eng'g v. City & Cty. of San Francisco*, No. C 08-04022 SI, 2010 WL 455290, at *2 (N.D. Cal. Feb. 2, 2010) (quoting *Fin. Tech. Int'l, Inc. v. Smith*, No. 99-9351, 2000 WL 1855131, at *8 (S.D.N.Y. Dec.19, 2000))

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