# Obtaining and Using Opinions of Counsel after In Re Seagate and Qualcomm:

# Are We Simply Back Where We Started?

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I. Waiver Issues in Light of Seagate and Qualcomm

A. Axiomatic that some waiver occurs when an opinion of counsel is disclosed as a defense to willfulness.

1. According to the Seagate opinion: "The ultimate dispute …is the proper scope of discovery" following that disclosure. 497 F.3d at 1371.

2. Since the Seagate opinion set forth a two-pronged test for willfulness, some have argued that until the patentee obtains a ruling on "objective recklessness" the discovery should be stayed.

3. To date, no court has accepted this bifurcation argument.

4. The debate over scope of the waiver has not been definitively decided. Issues still arise in the same three areas: 1) To whom does the waiver apply? 2) What is the temporal scope of the waiver? 3) What is the subject matter scope of the waiver?

5. More often than not the answers include the phrase "but it depends" due to fact driven nature of waiver determination.

B. To Whom Does the Waiver of Privilege Apply?

1. Opinion Counsel

a. All of the files and records kept by the opinion counsel will be subject to the waiver

b. This will include other "related" opinion work for the same client in all likelihood; plan accordingly.

2. Trial Counsel

a. Seagate comes close to stating that the materials and advice of trial counsel are never subject to the waiver of privilege by opinion counsel;

but there is still the unexplored "chicanery" exception.

b. No recent opinion has dealt with the situation where opinion counsel and trial counsel in same firm. Careful separation will be required at a minimum to avoid a complete waiver.

c. Given de-emphasis of post-litigation conduct for willfulness evaluation, less risk of trial counsel exposure to waiver.

3. In-house Counsel

a. The Seagate opinion did not specifically address the issue of waiver being extended to in-house counsel

(i) After the Seagate decision was handed down, the Magistrate Judge on the case applied the general principles of the case to in-house counsel, namely, that discovery could be taken on the issue of pre-litigation opinions given by in-house counsel that were relied upon by Seagate.

b. The Qualcomm opinion dealt with waiver in the context of in-house counsel acting as opinion counsel

c. Accordingly, the best authority from the Federal Circuit on in-house waiver issues is still the EchoStar decision from 2006.

d. The extent to which any waiver will result in the disclosure of in-house advice will depend entirely on the role taken by in-house counsel; to the extent that in-house counsel plays a role in providing opinions, there is risk of waiver.

e. Policy considerations for in-house counsel in small companies may allow for a judicial modification of waiver issues in future decisions.

4. Other In-House Personnel

a. The decision in EchoStar makes it clear that any investigation undertaken by in-house personnel is likely to result in a waiver of privilege if the client company relies on that investigation to continue to manufacture the allegedly infringing items.

b. All of this suggests that investigations done pre-suit to avoid a finding of willfulness should be handled by outside entities to avoid subsequent waiver issues.

C. What is the Temporal Scope of the Waiver?

1. Seagate made it clear that pre-litigation conduct is the focus for the willfulness determination.

2. Where post-litigation conduct is advanced as a basis for an opinion; discovery will be allowed.

3. Unclear what impact the Qualcomm decision will have on the temporal scope issue. Does a decision to continue manufacturing an item following the institution of an action justify discovery regarding the basis for doing so?

D. What is the Subject Matter Scope of the Waiver?

1. Generally speaking, all documents or communications regarding or discussing issues of non-infringement, invalidity or unenforceability.

2. Some courts have narrowed the focus of the waiver when only one of these defenses is asserted.

E. Are the Waiver rules any different for Attorney Work Product?

1. The Seagate opinion states that the reasoning supporting the protection of attorney-client privilege for trial counsel communications and restricting the scope of

waiver "applies with even greater force" to trial counsel work product. Seagate, 497 F.3d at 1375

2. EchoStar makes it clear that uncommunicated work product is not implicated by a waiver.

F. Unresolved Waiver Issues

1. The impact of Qualcomm on post-litigation conduct issues.

2. Contrary Opinions Rendered by Other Counsel

a. Does the contrary opinion of trial counsel or in-house counsel constitute "chicanery"?

3. Does Qualcomm signal that the Federal Circuit will look for other ways to undermine or restrict the Seagate holding?

II. Suggested “Best Practices” Regarding Opinions of Counsel in the Evolving Post-Seagate and Post-Qualcomm Environment

A. Opinions of Counsel still have an important role outside of litigation that is largely untouched by either Seagate or Qualcomm.

1. Early stage companies seeking investors or financing.

2. Freedom to operate in a new field; facilitates “design around”.

3. Develop patent strategy for mature companies.

4. Sarbanes-Oxley compliance.

5. Licensing negotiations with patent trolls.

B. The necessity of obtaining an Opinion of Counsel for possible use in litigation has been restored by the decision in Qualcomm.

1. For the time being, use of an opinion is now virtually required in any case where inducement of infringement might be an issue.

   a. How can you predict ahead of time whether inducement will be asserted as a basis for infringement?

   b. As a practical matter, a prudent company is now going to get an opinion of counsel whenever there is a conceivable threat of litigation involving inducement since plaintiffs will now be looking for ways to allege inducement.

2. Plaintiffs may find opinions of counsel useful in defending against Rule 11 motions.

3. A defendant could use an opinion as a means of documenting the absence of “objective recklessness”, especially for a small company that perceives the possibility of patent litigation.

4. A defendant with indemnity rights might be well advised to seek an opinion to support its position.

5. Wherever a cost/benefit analysis justifies the obtaining of an opinion prior to litigation being commenced.