

**DISQUALIFICATION OF OPINION-DRAFTING ATTORNEYS
UNDER FEDERAL CIRCUIT STANDARDS FOR WILLFUL
INFRINGEMENT**

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Submitted in partial fulfillment of the requirements of the
King Scholar Program
Michigan State University College of Law
under the direction of
Professor Renee Knake
Spring, 2008

I. INTRODUCTION

Companies often obtain “non-infringement” or “invalidity” opinions before they engage in any activity to have assurance that they will not be violating any one else’s patent rights. A company’s reliance (or lack thereof) on non-infringement and invalidity opinions is an important factor that courts will consider when they are assessing whether to levy “enhanced” or “punitive” damages against an infringer. If the infringer obtained legal advice that their activity would not be infringing, the infringer will be less likely to be assessed with enhanced damages. An ethical consideration arises when an attorney drafts a non-infringement or invalidity opinion and then later represents the same client in defense of a patent infringement lawsuit for activity that the attorney opined would be non-infringing. Opposing counsel will sometimes move to disqualify the attorney as a necessary witness claiming that he is required to testify about the circumstances surrounding how he provided the client with the opinion. Courts have reached differing conclusions regarding whether opinion counsel can also serve as trial counsel.

This paper examines whether an opinion-drafting attorney is a necessary witness under the standards set forth by the Federal Circuit for willful infringement. This paper will examine the previous standard, as set forth by the *Underwater Devices* case and its progeny, as well as the more recent standard set forth by the Federal Circuit in 2007 in *In re Seagate*. Lastly, this paper examines what relevant evidence an opinion-drafting attorney may testify about in light of the Federal Circuit’s recent limitation on the waiver of attorney work product protections in an advice of counsel defense and whether that information is obtainable from another source.

A. Willful Infringement Claims and Defense of Reliance on Advice of Counsel

Congress has provided that “court[s] may increase the damages up to three times the amount found or assessed [for patent infringement].”¹ Courts have long held, however, that these treble damages are only available when the patent holder is able to prove that the defendant willfully infringed the patent holder’s patent.² Parties accused of willful infringement often raise the defense of reliance on advice of counsel of non-infringement or patent invalidity to show that their actions were reasonable and not willful.³ While reliance on a non-infringement or invalidity opinion is not dispositive of willfulness, it is a “crucial” factor to be considered in any willfulness analysis.⁴

B. Ethical Considerations of Disqualifying an Opinion-Drafting Attorney as a Necessary Witness

An ethical issue arises when an attorney drafts a non-infringement opinion for a client and later represents that client at a trial in defense of a willful infringement claim regarding the client’s conduct based on the non-infringement opinion.⁵ Patent holders often attempt to disqualify the opinion-drafting attorney from representing the defendant at trial, claiming that the opinion-drafting attorney is likely to testify.⁶ Both the Model Rules of Professional Conduct (2003) (“Model Rules”) and the Model Code of Professional Responsibility (1969) (“Model

¹ 35 U.S.C. § 284 (2006).

² *In re Seagate Tech., LLC*, 497 F.3d 1360, 1368 (Fed. Cir. 2007).

³ *Id.* at 1369.

⁴ *Id.* (citing *Electro Med. Sys., S.A. v. Cooper Life Scis., Inc.*, 34 F.3d 1048, 1056 (Fed. Cir. 1994)).

⁵ See *Crossroad Sys. (Texas), Inc. v. Dot Hill Sys. Corp.*, No. A-03-CA-754-SS, 2006 WL 1544621, at *9-11 (W.D. Tex. May 31, 2006); *Bristol-Myers Squibb Co. v. Rhone-Poulenc Rorer, Inc.*, No. 95 Civ. 8833 (RPP), 2000 WL 1655054, at *2-4 (S.D.N.Y. Nov. 3, 2000); *Rohm & Haas Co. v. Lonza, Inc.*, No. Civ. A. 96-5732, 1999 WL 718114, at *1 (E.D. Pa. Sept. 7, 1999); *Liqui-Box Corp v. Reid Valve Co.*, 16 U.S.P.Q.2d 1074, 1075 (W.D. Pa. 1989); *Amsted Indus., Inc. v. Nat’l Castings, Inc.*, 16 U.S.P.Q. 2d 1737, 1741-42 (N.D. Ill. 1990); *Ristvedt-Johnson, Inc. v. Brandt, Inc.*, No. 88 C 3834, 1990 WL 114732, at *3 (N.D. Ill. July 25, 1990).

⁶ See *id.*

Code”) address the disqualification of a trial attorney who also acts as a witness during trial.⁷

Rule 3.7 of the Model Rules provides:⁸

- (a) A lawyer shall not act as advocate at a trial in which the lawyer is likely to be a *necessary witness* unless:
 - (1) The testimony relates to an uncontested issue;
 - (2) The testimony relates to the nature and value of legal services rendered in the case; or
 - (3) Disqualification of the lawyer would work substantial hardship on the client.
- (b) A lawyer may act as advocate in a trial in which another lawyer in the lawyer's firm is likely to be called as a witness unless precluded from doing so by Rule 1.7 or Rule 1.9.

Likewise, disciplinary rule 5-102 of the Model Code provides:⁹

- (B) A lawyer shall not accept employment in contemplated or pending litigation if he knows or it is obvious that he or a lawyer in his firm *ought to be called as a witness*, except that he may undertake the employment and he or a lawyer in his firm may testify:
 - (1) If the testimony will relate solely to an uncontested matter.
 - (2) If the testimony will relate solely to a matter of formality and there is no reason to believe that substantial evidence will be offered in opposition to the testimony.
 - (3) If the testimony will relate solely to the nature and value of legal services rendered in the case by the lawyer or his firm to the client.
 - (4) As to any matter, if refusal would work a substantial hardship on the client because of the distinctive value of the lawyer or his firm as counsel in the particular case.

While these rules are not identical, they do “speak with one voice.”¹⁰ The one notable difference between the Model Rules and the Model Code is that the Model Code imputes disqualification to

⁷ MODEL RULES OF PROF'L CONDUCT R. 3.7 (2003); MODEL CODE OF PROF'L RESPONSIBILITY DR 5-101, 5-102 (1969) (emphasis added).

⁸ R. 3.7 (emphasis added).

⁹ DR 5-101(B) (emphasis added).

¹⁰ *Crossroad Sys. (Texas), Inc. v. Dot Hill Sys. Corp.*, No. A-03-CA-754-SS, 2006 WL 1544621, at *10 (W.D. Tex. May 31, 2006).

the attorney's firm while the Model Rules do not.¹¹ Nevertheless, Model Rule 3.7 and Disciplinary Rule 5-102 preclude an attorney from representing a client when that attorney is a "necessary witness" or "ought to be called as a witness," respectively.¹²

For purposes of this paper the relevant question becomes: "When is an opinion-drafting attorney a necessary witness or ought to be called as a witness during an infringement trial?" Courts have generally held that an attorney is a necessary witness or ought to be called as a witness if the attorney "[1] will give evidence material to the determination of the issues being litigated, [2] that the evidence is unobtainable elsewhere, and [3] that the testimony is or may be prejudicial to the testifying attorney's client."¹³ Whether evidence is "material" to the determination of willful infringement will depend on the substantive law of willful infringement as set forth by the Federal Circuit. The following sections propose that opinion-drafting attorneys cannot provide testimony that is material to the determination of a client's willfulness because the willfulness standard as set forth by the Federal Circuit is only dependent on the defendant's conduct, beliefs, and state of mind, and not the attorney's. Further, even if the attorney may provide material evidence, it is most likely obtainable from another source since the only discoverable information is communications between the attorney and client which the client will be able to testify about. The end result is that an opinion-drafting attorney is not a "necessary witness" nor "ought to be called as a witness" and, therefore, cannot be disqualified from representing a client at trial unless the case presents extreme circumstances absent from a normal case.

¹¹ *Id.*

¹² R. 3.7; DR 5-101.

¹³ *Pub. Util. Dist. No. 1 v. Int'l Ins. Co.*, 881 P.2d 1020, 1033 (Wash. 1994) (discussing R. 3.7); accord *Personalized Mass Media Corp. v. Weather Channel, Inc.*, 899 F. Supp. 239, 243 (E.D. Va. 1995) (discussing DR 5-102); *Cottonwood Estates, Inc. v. Paradise Builders, Inc.*, 624 P.2d 296, 302 (Ariz. 1981) (discussing DR 5-102). See also George M. Sirilla et al., *Advice of Counsel-Defense or Dilemma? Friend or Foe?*, 81 J. Pat. & Trademark Off. Soc'y 376, 381 (May 1999) ("A lawyer is a 'necessary witness' when the testimony is relevant, material and unobtainable elsewhere.") (citations omitted).

II. THE FEDERAL CIRCUIT HAS ESTABLISHED A WILLFUL INFRINGEMENT STANDARD WHICH DETERMINES WHETHER AN ATTORNEY'S TESTIMONY IS MATERIAL TO THE ISSUES BEING LITIGATED

The Federal Circuit has held that “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.”¹⁴ Furthermore, “questions of . . . discoverability that arise from assertions of the advice-of-counsel defense necessarily involve issues of substantive patent law.”¹⁵ As such, the standard for willful infringement as set forth by the Federal Circuit will determine whether an opinion-drafting attorney is a necessary witness or ought to be called as a witness during a willful infringement trial.

The Federal Circuit first established a standard for willful infringement in 1983 in the *Underwater Devices* case.¹⁶ Following the *Underwater Devices* standard, the district courts often reached differing conclusions about whether an opinion-drafting attorney is a necessary witness at trial (although the courts did not always apply the *Underwater Devices* standard).¹⁷ In 2007 the Federal Circuit overruled the *Underwater Devices* standard in the case of *Seagate*.¹⁸ In clarifying the willful infringement standard in *Seagate*, the Federal Circuit has provided an opportunity for district courts to provide consistent rulings regarding whether an opinion-drafting attorney should be disqualified from representing the same client at trial. The following section will examine the *Underwater Devices* standard and disqualification cases arising under that

¹⁴ *Advanced Cardiovascular Sys. v. Medtronic, Inc.*, 265 F.3d 1294, 1307 (Fed. Cir. 2001).

¹⁵ *In re Echostar Commc'ns Corp.*, 448 F.3d 1294, 1298 (Fed. Cir. 2006) (citing *In re Spalding Sports Worldwide, Inc.*, 203 F.3d 800, 803-04 (Fed. Cir. 2000)).

¹⁶ *Underwater Devices Inc. v. Morrison-Knudsen Co.*, 717 F.2d 1380 (Fed. Cir. 1983).

¹⁷ See David Hricik, *An Opinion of Counsel from Trial Counsel: A Handful of Sand?*, 35 AIPLA Q.J. 171, 174 (Spring 2007) (“The courts are split over whether disqualification under the advocate-as-witness rule is required when a lawyer combines the roles [of opinion counsel and litigation counsel].”).

¹⁸ *In re Seagate Tech., LLC*, 497 F.3d 1360 (Fed. Cir. 2007).

standard and then propose a uniform application of the *Seagate* standard to disqualification of patent drafting attorneys.

A. The Federal Circuit’s *Underwater Devices* Standard

The Federal Circuit established the standard for willful infringement early, stating that a potential infringer has “an affirmative duty to exercise due care to determine whether he is infringing.”¹⁹ Moreover, that affirmative duty required the potential infringer to “seek and obtain competent legal advice from counsel before the initiation of any possible infringing activity.”²⁰ This standard evolved over time into an evaluation of “all the circumstances” with a list of nine relevant factors.²¹ Ultimately, the court stated that “[t]he paramount determination in deciding to grant enhancement and the amount thereof is the egregiousness of the defendant’s conduct based on all the facts and circumstances.”²²

Placing an affirmative duty upon potential infringers to obtain a “competent” legal opinion and evaluation of “all the facts” led to two noted and unintended consequences: (1) the Federal Circuit held that “an accused infringer’s failure to produce advice from counsel ‘would warrant the conclusion that it either obtained no advice of counsel or did so and was advised that its activities would be an infringement;’” and (2) if a non-infringement opinion was relied on as a defense, the attorney-client privilege and work product protections were waived in their

¹⁹ *Underwater Devices*, 717 F.2d at 1389-90 (citations omitted).

²⁰ *Id.*

²¹ *Seagate*, 497 F.3d at 1369 (citing *Read Corp. v. Portec, Inc.*, 970 F.2d 816, 826-27 (Fed. Cir. 1992)). The nine-factor test includes: “(1) whether the infringer deliberately copied the ideas or design of another; (2) whether the infringer, when he knew of the other’s patent protection, investigated the scope of the patent and formed a good-faith belief that it was invalid or that it was not infringed; (3) the infringer’s behavior as a party to the litigation; (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; (9) whether defendant attempted to conceal its misconduct.” *Read Corp.* 970 F.2d at 826-27 (citations omitted). Notably, the nine-factor test does not include an examination of the opinion-drafting attorney’s competence or state of mind. *See id. generally.*

²² *Read Corp.*, 970 F.2d at 826.

entirety.²³ Another unintended consequence of examining “all the facts” and requiring that a “competent” legal opinion be obtained is that opinion-drafting attorneys are often unnecessarily called as a witness. As the following cases show, requiring a “competent” legal opinion to be obtained and examining “all the facts” led to inconsistent and unpredictable results among the district courts regarding whether it was necessary to disqualify an opinion-drafting attorney.²⁴

1. Cases Holding Opinion-Drafting Attorneys Are Not Necessary Witnesses

Cases that have refused to disqualify an attorney have generally noted that disqualification of an attorney is a drastic remedy which is granted infrequently.²⁵ Moreover, these cases explicitly relied on the standard set forth in *Underwater Devices* and its progeny and held that the relevant inquiry is only into the behavior and state of mind of the client, and not the conduct or competency of the attorney.²⁶

a. Bristol-Myers Squibb Co. v. Rhône-Poulenc Rorer, Inc.

In *Bristol-Myers Squibb Co. v. Rhône-Poulenc Rorer, Inc.*, the Southern District of New York held that an opinion-drafting attorney was not a necessary witness.²⁷ In this case, the patent holder moved to disqualify the opinion-drafting attorney because it claimed that when the defendant raised the advice of counsel defense, they would be introducing the opinion as

²³ *Seagate*, 497 F.3d at 1370. The Federal Circuit overruled (1) the adverse inference *Knorr-Bremse Systeme Fuer Nutzfahrzeuge GMBH v. Dana Corp.*, 383 F.3d 1337, 1344-45 (Fed. Cir. 2004); and (2) limited the waiver of the work product protection in 2006 in *In re EchoStar Commc’ns Corp.*, 448 F.3d 1294, 1303-04 (Fed. Cir. 2006).

²⁴ See generally *Crossroad Sys. (Texas), Inc. v. Dot Hill Sys. Corp.*, No. A-03-CA-754-SS, 2006 WL 1544621, at *9-11 (W.D. Tex. May 31, 2006); *Bristol-Myers Squibb Co. v. Rhone-Poulenc Rorer, Inc.*, No. 95 Civ. 8833 (RPP), 2000 WL 1655054, at *2-4 (S.D.N.Y. Nov. 3, 2000); *Rohm & Haas Co. v. Lonza, Inc.*, No. Civ. A. 96-5732, 1999 WL 718114, at *1 (E.D. Pa. Sept. 7, 1999); *Liqui-Box Corp v. Reid Valve Co.*, 16 U.S.P.Q.2d 1074, 1075 (W.D. Pa. 1989); *Amsted Indus., Inc. v. Nat’l Castings, Inc.*, 16 U.S.P.Q. 2d 1737, 1741-42 (N.D. Ill. 1990); *Ristvedt-Johnson, Inc. v. Brandt, Inc.*, No. 88 C 3834, 1990 WL 114732, at *3 (N.D. Ill. July 25, 1990)..

²⁵ See *Bristol-Myers Squibb Co. v. Rhone-Poulenc Rorer, Inc.*, No. 95 Civ. 8833 (RPP), 2000 WL 1655054, at *2-4 (S.D.N.Y. Nov. 3, 2000); *Ristvedt-Johnson, Inc. v. Brandt, Inc.*, No. 88 C 3834, 1990 WL 114732, at *3 (N.D. Ill. July 25, 1990); *Liqui-Box Corp v. Reid Valve Co.*, 16 U.S.P.Q.2d 1074, 1075 (W.D. Pa. 1989).

²⁶ See generally *id.*

²⁷ *Bristol-Myers Squibb Co. v. Rhône-Poulenc Rorer, Inc.*, No. 95 Civ. 8833 (RPP), 2000 WL 1655054, at *2-4 (S.D.N.Y. Nov. 3, 2000).

testimony.²⁸ The court, after citing the progeny of *Underwater Devices*, held that the opinion letter was not testimonial because “[a]s a matter of law, whether the opinion letter is a correct analysis of the issues it addressed is not the relevant issue for the jury; rather the issues will be (1) whether [the defendant] received and exercised due care in relying on a legal opinion, and (2) whether that legal opinion *appears* to be competent.”²⁹ Even if the opinion-drafting attorney’s testimony was necessary, it still would not warrant disqualification because the fact that the attorney communicated the opinion to the client would not be contested and the attorney would therefore be excepted from disqualification under DR 5-102(B)(1).³⁰

The court concluded that there was no need to call the opinion-drafting attorney to the stand because the letter could be admitted through the recipient of the letter and the competency of the letter could be determined by examining the four-corners of the document.³¹ The court further noted, “the opinion letter should be reviewed for its overall tone, its discussion of case law, its analysis of the particular facts and its reference to inequitable conduct [by the patent holder’s attorney].”³² The court stated that the opinion letter was competent “on its face” and refused to disqualify the attorney.³³ Thus, the relevant inquiry was not into the opinion-drafting attorney’s state of mind, competency, or conduct.

b. Liqui-Box Corp. v. Reid Valve Co.

In *Liqui-Box Corp. v. Reid Valve Co.*, the Western District of Pennsylvania held that an opinion-drafting attorney was not a necessary witness and therefore could not be disqualified.³⁴

²⁸ *Id.* at 2.

²⁹ *Id.* (emphasis added) (citing *Ortho Pharm. Corp.*, 959 F.2d 936, 944 (Fed. Cir. 1992)).

³⁰ *Id.* DR 5-102(B) provides that “A lawyer shall not accept employment . . . [if he] ought to be called as a witness, except that he may undertake the employment if the testimony will relate solely to an uncontested matter.”

³¹ *Id.* at 3.

³² *Id.* (citing *Westvaco Corp. v. Int’l Paper*, 991 F.2d 735, 743-44 (Fed. Cir. 1993)).

³³ *Id.*

³⁴ *Liqui-Box Corp v. Reid Valve Co.*, 16 U.S.P.Q.2d 1074, 1075 (W.D. Pa. 1989).

In reaching this conclusion the court explicitly relied on the *Underwater Devices* case.³⁵ The court reasoned that “*Underwater Devices* speaks in terms of the opinion as reflected on the four corners of the document. Good faith reliance by a party on counsel’s opinion is a question of the party’s state of mind, not the state of mind of the counsel.”³⁶

The court continued, “the [advice of counsel] defense does not require an inquiry into the counsel’s state of mind.”³⁷ The court further noted that “[m]atters held to be relevant inquiries into the competence of counsel’s opinion of non-infringement include whether counsel examined the file history of the patents, whether the opinion came from in-house or outside counsel, whether there was a pattern of attorney shopping by the alleged infringer, and whether the opinion came from a patent attorney.”³⁸ The court concluded generally, “where evidence is available from other sources and absent extraordinary circumstances or compelling reasons, an attorney who participates in a case should not be called as a witness.”³⁹ Thus, the reasonableness of reliance on the opinion can be determined from the face of the document itself or readily verifiable information and does not require an inquiry into the competency of the attorney.

c. Ristvedt-Johnson, Inc. v. Brandt, Inc.

In *Ristvedt-Johnson, Inc. v. Brandt, Inc.*, the Northern District of Illinois held that an opinion-drafting attorney was not a necessary witness and would not be disqualified.⁴⁰ While the plaintiff wished to call the opinion-drafting attorneys as witnesses, the defendant asserted that in relying on the advice of counsel defense they would not be calling any of the opinion-drafting

³⁵ *Id.*

³⁶ *Id.*

³⁷ *Id.* (citing *Machinery Corp. of Am. v. Gullfiber AB*, 774 F.2d 467, 472-73 (Fed. Cir. 1985)).

³⁸ *Id.* (citing *Underwater Devices*, 717 F.2d at 1390; *Radio Steel & Mfg. Co. v. MTD Products, Inc.*, 788 F.2d 1554, 1559 (Fed. Cir. 1986)).

³⁹ *Id.*

⁴⁰ *Ristvedt-Johnson, Inc. v. Brandt, Inc.*, 1990 WL 114732, at *3.

attorneys as witnesses.⁴¹ Rather, the defendant intended to make out its defense through the “testimony of the individuals who solicited and received the opinions.”⁴²

The court further noted that DR 5-102 requires that the testimony of the attorney, if he were required to testify, be prejudicial to the client.⁴³ In this case, if the attorney were to be called as a witness his testimony would only be limited to whether an opinion was sought and offered rather than the validity of the opinion itself.⁴⁴ As a result, the attorney’s testimony was not likely to be prejudicial to the client.⁴⁵

d. Cases Holding that the Opinion-Drafting Attorney was Not a Necessary Witness Correctly Applied the *Underwater Devices* Standard.

The *Bristol-Myers Squibb*, *Liqui-Box*, and *Ristvedt-Johnson* cases all turned to the Federal Circuit for guidance on whether an attorney would be a “necessary witness” during a willful infringement trial.⁴⁶ In relying on the *Underwater Devices* standard for willful infringement, the courts correctly limited the inquiry into the defendant’s conduct and state of mind rather than the attorney’s. These courts also adhered to the notion that it is a drastic remedy to disqualify an attorney and that disqualification should only occur if the attorney has relevant information that is unobtainable from any other source.⁴⁷ While these courts did properly apply the *Underwater Devices* standard for willful infringement, other courts allowed inquiries into the opinion-drafting attorney’s conduct and state of mind.⁴⁸

⁴¹ *Id.*

⁴² *Id.*

⁴³ *Id.*

⁴⁴ *Id.*

⁴⁵ *Id.*

⁴⁶ See generally *Bristol-Myers Squibb*, 2000 WL 1655054; *Ristvedt-Johnson*, 1990 WL 114732; *Liqui-Box*, 16 U.S.P.Q.2d 1074.

⁴⁷ *Id.*

⁴⁸ See *Crossroad Sys. (Texas), Inc. v. Dot Hill Sys. Corp.*, No. A-03-CA-754-SS, 2006 WL 1544621, at *9-11 (W.D. Tex. May 31, 2006); *Rohm & Haas Co. v. Lonza, Inc.*, No. Civ. A. 96-5732, 1999 WL 718114, at *1 (E.D. Pa. Sept. 7, 1999); *Amsted Indus., Inc. v. Nat’l Castings, Inc.*, 16 U.S.P.Q. 2d 1737, 1741-42 (N.D. Ill. 1990).

2. Cases Holding that An Opinion-drafting Attorney Was A Necessary Witness and Subject to Disqualification.

Courts that have granted disqualification of an opinion-drafting attorney have done so on the basis that defense counsel must testify about their “qualifications and objectivity,”⁴⁹ “credibility and legal acumen,”⁵⁰ or the client’s withholding of information from the opinion-drafting attorney.⁵¹ Notably, these cases either did not reference any standard for willful infringement set by the Federal Circuit⁵² or found that the exceptional circumstances existed to allow an inquiry into the attorney’s conduct.⁵³

a. Rohm & Haas Co. v. Lonza, Inc.

In the case of *Rohm & Haas Co. v. Lonza*, the court disqualified an opinion-drafting attorney from representing a client during an infringement trial because the attorney’s “qualifications and objectivity” would be called into question as it related to his non-infringement opinion.⁵⁴ The court rested its decision upon Rule 3.7.⁵⁵ The court elaborated that the written opinion was “testimonial” and that the attorney, as trial counsel, “would be urging the jury to credit the fact that they had submitted their opinions to defendants and to some extent, arguably, to accept the contents of those opinions.”⁵⁶ The court did not cite to the Federal Circuit for a willful infringement standard (or any other circuit for that matter).⁵⁷ Rather, in a brief decision, the court relied on the plaintiff’s assertion that it “intends to call [the opinion-drafting attorneys] to testify about their qualifications and objectivity as relates to their opinions.”⁵⁸

⁴⁹ *Rohm & Haas Co. v. Lonza, Inc.*, 1999 WL 718114, at *1.

⁵⁰ *Crossroad Sys. (Texas)*, 2006 WL 1544621, at *9-11.

⁵¹ *Amsted Indus.*, 16 U.S.P.Q. 2d at 1741-42.

⁵² See *Crossroad Sys. (Texas)*, 2006 WL 1544621, at *9-11; *Rohm & Haas*, 1999 WL 718114, at *1.

⁵³ *Amsted Indus.*, 16 U.S.P.Q. 2d at 1741-42.

⁵⁴ *Rohm & Haas Co. v. Lonza, Inc.*, No. Civ. A. 96-5732, 1999 WL 718114, at *1 (E.D. Pa. Sept. 7, 1999).

⁵⁵ *Id.*

⁵⁶ *Id.*

⁵⁷ See *id.* generally.

⁵⁸ *Id.*

Allowing an inquiry into the objectivity of the attorney is inconsistent with the standard set forth by *Underwater Devices*, which states that only the client's conduct is relevant.

b. Crossroad Systems (Texas), Inc. v. Dot Hill Sys. Corp.

In the case of *Crossroad Systems (Texas), Inc. v. Dot Hill Sys. Corp.*, the court not only disqualified three opinion-drafting attorneys from representing their client during an infringement trial, the court disqualified their entire law firm from representing the client.⁵⁹ In the *Crossroad* case, the court stated that the attorneys were governed by four separate ethical canons: the local rules of the district court; the Model Rules; the Model Code; and the rules of professional conduct of Texas.⁶⁰ The court noted that all four of these ethical canons “speak with one voice” so the court never explicitly identified which rule it was relying on to disqualify the opinion-drafting attorney.⁶¹ In reaching its disqualification conclusion, the court reasoned that “[the patent holder] will be seeking to attack the reasonableness of [the infringer’s] reliance on the opinions given by [counsel], in part, by attacking the accuracy and validity of the opinions themselves as well as the work underlying the formulation of the opinions.”⁶² Moreover, the “credibility and legal acumen” of the opinion-drafting attorneys would be called into question.⁶³

In disqualifying the entire firm, the court was concerned that trial counsel would be required to vouch for the credibility and reliability of the disqualified opinion-drafting attorneys who were testifying and that this may ultimately produce a conflict of interest between the law firm and the client.⁶⁴ It is also noteworthy that court was not concerned with any hardship placed upon the client because the client and its counsel had been warned of the potential for

⁵⁹ *Crossroad Sys. (Texas), Inc. v. Dot Hill Sys. Corp.*, No. A-03-CA-754-SS, 2006 WL 1544621, at *9-11 (W.D. Tex. May 31, 2006).

⁶⁰ *Id.* at 10.

⁶¹ *Id.*

⁶² *Id.*

⁶³ *Id.*

⁶⁴ *Id.*

disqualification at the beginning of proceedings.⁶⁵ When the possibility of disqualification was raised, the disqualified attorneys noted that it was not a problem because the client was “being ably represented by several competent attorneys from two law firms.”⁶⁶ Lastly, the *Crossroads* court did not rely on any standard set forth by the Federal Circuit in reaching its conclusion.⁶⁷

c. Amsted Indus., Inc. v. Nat’l Castings, Inc.

In the case of *Amsted Indus., Inc. v. Nat’l Castings, Inc.*, the court disqualified an opinion-drafting attorney based on the “totality of the circumstances” standard set forth by the Federal Circuit.⁶⁸ In *Amsted*, the court held that by invoking the defense of reliance on advice of counsel, the defendant placed the circumstances surrounding the drafting of the opinion letter into question and that the defendant had waived the attorney-client privilege.⁶⁹ Of particular relevance was that the plaintiff alleged that the defendant intentionally withheld information from the opinion-drafting attorney when the attorney drafted the opinion and, therefore, any reliance on the opinion was likely unreasonable.⁷⁰ The court noted that it was necessary for the attorney to testify, and not a representative of the client itself, because the attorney was in the best position to know what information he considered, what information was material to his non-infringement opinion, and whether any information not provided to him would have been material to the conclusions which he reached.⁷¹ The *Amsted* court lastly noted that there would be little or no hardships placed upon the client since multiple law firms represented the client.⁷²

⁶⁵ *Id.* at 11

⁶⁶ *Id.*

⁶⁷ *Id.* at 9-11.

⁶⁸ *Amsted Indus., Inc. v. Nat’l Castings, Inc.*, 16 U.S.P.Q. 2d 1737, 1742 (N.D. Ill. 1990) (citing *Rolls-Royce Ltd. v. GTE Valeron Corp.*, 800 F.2d 1101, 1109-10 (Fed. Cir. 1986)).

⁶⁹ *Id.* at 1743.

⁷⁰ *Id.* at 1741-43.

⁷¹ *Id.* at 1743.

⁷² *Id.*

d. Cases Holding that Disqualification Was Proper Are Arguably Incorrect Even Under the *Underwater Devices* Standard

It is arguable that requiring an opinion-drafting attorney to testify about his “qualifications and objectivity,” his “credibility and legal acumen,” the “accuracy and validity of the opinions” and the information material to his opinion was improper, even under the *Underwater Devices* totality of the circumstances standard. The extensive list of nine factors outlined by the Federal Circuit to determine whether an infringer acted willfully does not include the credibility of the opinion-drafting attorney, the basis for the attorney’s opinion, or the accuracy or validity of the opinion itself.⁷³ Rather, the Federal Circuit listed as a relevant factor: “(2) whether the infringer, when he knew of the other's patent protection, investigated the scope of the patent and formed a *good-faith belief* that it was invalid or that it was not infringed.”⁷⁴ The Federal Circuit has even stated that “[w]hile an opinion of counsel letter is an important factor in determining the willfulness of infringement, its importance does not depend upon its legal correctness. . . . Rather, counsel's opinion must be thorough enough, as combined with other factors, to *instill a belief in the infringer* that a court might reasonably hold the patent is invalid, not infringed, or unenforceable.”⁷⁵ In *Underwater Devices* the Federal Circuit held that the client did not act in good faith because it relied on an opinion-drafting attorney who was in-house counsel, was not a patent attorney, did not examine the file history of the patent, and did not

⁷³ Once again, the nine factors considered relevant by the federal circuit are: “(1) whether the infringer deliberately copied the ideas or design of another; (2) whether the infringer, when he knew of the other's patent protection, investigated the scope of the patent and formed a good-faith belief that it was invalid or that it was not infringed; (3) the infringer's behavior as a party to the litigation; (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; (9) whether defendant attempted to conceal its misconduct.” *Read Corp.* 970 F.2d at 826-27 (citations omitted).

⁷⁴ *Read Corp. v. Portec, Inc.*, 970 F.2d at 826-27 (emphasis added).

⁷⁵ *Ortho Pharm. Corp. v. Smith*, 959 F.2d 936, 944 (Fed. Cir. 1992) (emphasis added).

engage in an analysis that a patent attorney would have.⁷⁶ All of these facts were apparent from the opinion letter itself and the attorney was not required as a witness.⁷⁷

These factors show that the Federal Circuit is not concerned with the conduct or qualifications of the opinion-drafting attorney, but rather, is concerned with whether the infringer formed a “good-faith belief” that its activity was non-infringing based upon the legal advice it received. The relevant inquiry is not whether the attorney was qualified, credible, or provided an accurate and valid opinion, but rather, whether the client *believed in good faith* that the attorney was qualified, credible, and provided an accurate and valid opinion. As noted by the *Bristol-Myers* and *Liqui-Box* courts, a client’s good faith reliance on an opinion letter could be established by considering factors such as “whether counsel examined the file history of the patents, whether the opinion came from in-house or outside counsel, whether there was a pattern of attorney shopping by the alleged infringer, and whether the opinion came from a patent attorney”⁷⁸ or “the opinion letter should be reviewed for its overall tone, its discussion of case law, its analysis of the particular facts and its reference to inequitable conduct [by the patent holder’s attorney].”⁷⁹ Any inquiry into what the attorney believed when he formed his opinion, why he formed his opinion, or what information he considered would be irrelevant to whether the client acted in good faith because the client would not have had any knowledge of this information when they received the opinion. Clients are likely to presume that an attorney would provide them with all relevant information and analysis in a legal opinion letter. Of course, clients cannot blindly rely on every single opinion letter they receive. If the opinion letter was grossly lacking factual information or did not engage in a serious analysis then that opinion

⁷⁶ *Underwater Devices*, 717 F.2d at 1390.

⁷⁷ *Id.*

⁷⁸ *Liqui-Box*, 16 U.S.P.Q.2d at 1075.

⁷⁹ *Ristvedt-Johnson, Inc. v. Brandt, Inc.*, 1990 WL 114732, at *3 (citing *Westvaco Corp. v. Int’l Paper*, 991 F.2d 735, 743-44 (Fed. Cir. 1993)).

could not provide the client with a good faith belief that their ensuing conduct would not constitute infringement.

Even if an opinion letter was seriously deficient, however, it would be irrelevant why the opinion lacked the factual information or legal analysis required to form a valid opinion. The attorney would not be required to testify about facts that are exclusively in his knowledge because those facts could not have been a part of the infringer's decision to engage in infringing activity. The result is that the opinion-drafting attorney is not a necessary witness and ought not to be called as a witness because the client would be in the best position of testifying about its own decisions regarding why it relied on a legal opinion that was either lacking relevant factual information or legal analysis.

The *Rohm* and *Crossroad* courts did not rely on the *Underwater Devices* standard, nor any other circuit's standard, in disqualifying the opinion-drafting attorneys.⁸⁰ Rather, these courts stated in conclusive terms, without any analysis, that the attorneys were necessary to testify about their knowledge of the circumstances surrounding the forming of their opinion.⁸¹ These courts' failure to focus their inquiry to the beliefs of the infringer led to the improper disqualification of the opinion-drafting attorneys. Similarly, while the *Amsted* court did rely on the Federal Circuit's willful infringement standard, it concluded that the attorney was nevertheless disqualified because he was required to testify about the client's withholding of information.⁸² Again, the proper inquiry under *Underwater Devices*, however, is what the infringer believed or knew, not the attorney.⁸³ Therefore, it would not be proper for the attorney to testify about whether or not he received certain information. Rather, the client would be in the

⁸⁰ See generally *Rohm & Haas Co.*, 1999 WL 718114, at *1; *Crossroad Sys.*, 2006 WL 1544621, at *9-11.

⁸¹ *Id.*

⁸² *Amsted Indus.*, 16 U.S.P.Q. 2d at 1742.

⁸³ *Read Corp. v. Portec, Inc.*, 970 F.2d at 826-27.

best position to testify because they would be required to testify about what information they withheld and further testify about their reasoning for withholding the information.

Nevertheless, the *Rohm*, *Crossroad*, and *Amsted* courts all believed that it was necessary for the opinion-drafting attorneys to testify about his credibility, qualifications, or basis of his opinion to determine whether their clients willfully infringed.⁸⁴ As previously stated, the Federal Circuit overruled *Underwater Devices* and created a new standard for willful infringement. This new standard provides courts with the opportunity to form a uniform rule regarding the disqualification of opinion-drafting attorneys.

B. Other Cases Involving Advice of Counsel Defenses

Willfulness is often an element to a criminal offense. As such, the “advice of counsel” defense is available to refute charges that a defendant willfully engaged in unlawful activity and presents a factually analogous scenario to the current situation.⁸⁵ Whether or not a court will disqualify an attorney varies widely depending on the specific factual scenarios of each case.⁸⁶ In criminal cases, however, courts often find that an attorney is a necessary witness when the defendant raises the advice of counsel defense.⁸⁷ Civil cases vary widely depending on the involvement and knowledge of an attorney in activities prior to litigation.⁸⁸

⁸⁴ See generally *Rohm & Haas Co.*, 1999 WL 718114, at *1; *Crossroad Sys.*, 2006 WL 1544621, at *9-11; *Amsted Indus.*, 16 U.S.P.Q. 2d at 1742.

⁸⁵ See *U.S. v. Gouaz*, No. 03-20248-CR-ALTONAGA, 2003 WL 22862653, at *1-2 (S.D. Fla. Oct. 7, 2003); *U.S. v. Locascio*, 357 F. Supp. 2d 536, 554 (E.D.N.Y. 2004).

⁸⁶ *Locascio*, 357 F. Supp. at 554.

⁸⁷ *Gouaz*, 2003 WL 22862653, at *1-2; *Locascio*, 357 F. Supp. 2d at 554.

⁸⁸ See *Sea Tow Int’l, Inc. v. Pontin*, No. CV-06-3461 (SJF)(ETB), 2007 WL 4180679, at *4 (E.D.N.Y. Nov. 19, 2007) (citing cases that find disqualification proper where an attorney “negotiates, executes, and administers a contract” and cases that find disqualification improper when “a lawyer plays no role in the negotiation or drafting of the contract at issue”); *FDIC v. Isham*, 782 F. Supp. 524, 527-28 (D. Colo. 1992) (bank directors who relied on advice of attorney needed attorney to testify and therefore the attorney could not represent a co-defendant); *Miller v. Colo. Farms*, No. CIV. A. 97WY2015WD, 2001 WL 629463, at *4 (D. Colo. Jan. 16, 2001) (finding that attorney who provided oral advice to defendant prior to slander lawsuit was necessary to testify about “his communications [with the client], about the advice [he] provided, and [the client’s] reliance upon the advice”).

a. *U.S. v. Gouaz*

In *U.S. v. Gouaz*, the defendant was charged with theft of government property when he received \$25,000 in IRS monies (which were supposed to be paid as taxes) as part of a money-laundering scheme but failed to forward the \$25,000 to his conspirator.⁸⁹ The defendant raised the defense that he received advice from his attorney not to forward the funds because this would constitute money laundering and, therefore, the defendant did not have the required intent to steal the funds from the IRS.⁹⁰ The court ultimately held that the attorney who provided the advice should be disqualified from representing the defendant at trial because the attorney would be a necessary witness.⁹¹ In reaching this conclusion the court noted that the government has the burden of proof and must be able rebut the defendant's claim that he relied on advice of counsel.⁹² The court further noted that the attorney was the only witness, other than the defendant, that had knowledge of the conversation which allegedly negated the willful intent.⁹³ In conclusion, the court stated that "it is inconceivable that the defendant's right to a particular counsel should be permitted to impose . . . artificial advantages upon the government."⁹⁴

b. *U.S. v. Locascio*

In *U.S. v. Locascio*, the government moved to disqualify an attorney who was defending a member of the "Gambino Family of La Cosa Nostra" against charges for deceptive advertising as part of a larger RICO prosecution.⁹⁵ The government contends that the defendant engaged in a deceptive advertising scheme to obtain credit card numbers to bill customers for unwanted phone

⁸⁹ *Gouaz*, 2003 WL 22862653, at *1.

⁹⁰ *Id.*

⁹¹ *Id.* at *5.

⁹² *Id.* at *2, *4.

⁹³ *Id.* at *4.

⁹⁴ *Id.* at *4 (quoting *U.S. v. Castellano*, 610 F. Supp. 1151, 1162 (S.D.N.Y. 1985).

⁹⁵ *U.S. v. Locascio*, 357 F. Supp. 2d 536, 539 (E.D.N.Y. 2004).

and Internet services.⁹⁶ Since the defendant had prior mail fraud convictions, he sought “an attorney [to] review and approve the advertisements [to] protect them from prosecution in the future.”⁹⁷ The defendant first received advice from Ms. Jaffe and later received advice from Mr. Dichter.⁹⁸ In defense to the deceptive advertising charges, the defendant claimed that he “had no intent to mislead consumers in his advertisements since they had been reviewed by [Mr. Dichter] for compliance with, among other regulations, the Federal Trade Commission’s clear and conspicuous disclosure standard.”⁹⁹ An attorney in Ms. Jaffe’s firm was now representing Chanes and the government sought to disqualify him since Ms. Jaffe would be a necessary witness.¹⁰⁰ The court ultimately concluded that Ms. Jaffe was in fact a necessary witness because there was strong evidence that Mr. Dichter’s advice was “plainly wrong.”¹⁰¹ There was also evidence that Ms. Jaffe was a competent attorney and had advised the defendant regarding FTC deceptive advertising standards.¹⁰² As such, Ms. Jaffe was the only witness who could rebut the defendant’s claim of reliance on advice of counsel, and her associate was disqualified from representing the defendant.¹⁰³

c. Advice of Counsel Defense for Willful Infringement is Unique to Patent Law

The advice of counsel defense in criminal contexts is different from the current situation for two important reasons. First, the burden of proof is on the government to prove willfulness in criminal cases. As was stated by *Gouaz*, the government would be severely disadvantaged if it were required to accept the defendant’s claim of reliance on advice of counsel. By contrast, in the current situation the burden of proof is on the alleged infringer to prove that they acted

⁹⁶ *Id.* at 547.

⁹⁷ *Id.*

⁹⁸ *Id.*

⁹⁹ *Id.* at 548.

¹⁰⁰ *Id.* at 547.

¹⁰¹ *Id.* at 554.

¹⁰² *Id.* at 554-55.

¹⁰³ *Id.* at 555.

reasonably to refute a claim of willful infringement. Second, the advice given by the attorney in the defendant in patent infringement cases is often a corporation as opposed to individuals in criminal cases. Since a criminal defendant is an individual and faces imprisonment, as the case was in *Locascio*, the defendant will have a strong incentive to raise any defense which would prevent them from going being incarcerated. Therefore, the government must be able to present any evidence that may contradict mere allegations, including testimony by an attorney who provided advice to the defendant. By contrast, individuals testifying on behalf of a corporation will most likely not have personal interests at stake. Moreover, most corporations will have a policy of retaining written non-infringement opinions. The result is that a person testifying on behalf of a corporation will be more trustworthy and their testimony must corroborate with the written opinion retained by the corporation. As such, there is not as strong of a need to have an opinion-drafting attorney testify at trial as there is in a criminal case.

In conclusion, there are not many cases outside the area of patent law that can provide guidance on whether to disqualify opinion-drafting attorneys. Courts have noted that the enhanced damages for willful infringement is unique to patent law.¹⁰⁴ As such, the Federal Circuit's recent opinions regarding the substantive elements of willful infringement are instructive with respect to disqualification of an opinion-drafting attorney.

C. The Federal Circuit's New Willful Infringement Standard Under *In Re Seagate*

In 2007, the Federal Circuit overruled *Underwater Devices* and re-defined the standard for willful infringement.¹⁰⁵ The court overruled *Underwater Devices* based upon the recent

¹⁰⁴ *Aspex Eyewear, Inc. v. E'Lite Optik, Inc.*, 276 F. Supp. 2d 1084, 1092 (D. Nev. 2003) (“the defense of reliance on advice of counsel to an allegation of willful infringement is an issue that appears unique to patent litigation”); *Steelcase, Inc. v. Haworth, Inc.*, 954 F. Supp. 1195, 1197 (W.D. Mich. 1997) (“Questions involving the scope of waiver of the attorney-client privilege in patent cases where willful infringement is an issue would appear to be unique to patent litigation”).

¹⁰⁵ *Seagate*, 497 F.3d at 1371.

Supreme Court case of *Safeco Ins. Co. of Am. v. Burr*.¹⁰⁶ The Supreme Court in *Safeco* stated that the “standard civil usage” of “willful” includes reckless behavior.¹⁰⁷ The Supreme Court has defined a reckless person as “[one] who acts . . . in the face of an unjustifiably high risk of harm that is either known or so obvious that it should be known.”¹⁰⁸ By contrast, the affirmative duty to obtain a non-infringement opinion and an examination of a totality of the circumstances, as required by *Underwater Devices*, was more akin to a negligence standard and was therefore in error.¹⁰⁹ As such, the Federal Circuit held that “proof of willful infringement permitting enhanced damages requires at least a showing of objective recklessness” and that there is no longer an affirmative obligation to seek an opinion from counsel.¹¹⁰

The Federal Circuit developed a standard in which a showing of recklessness is a two-part analysis.¹¹¹ First, “a patentee must show by clear and convincing evidence that the infringer acted despite an objectively high likelihood that its actions constituted infringement of a valid patent.”¹¹² The Federal Circuit noted that “[t]he state of mind of the accused infringer is not relevant to this objective inquiry.”¹¹³ Second, “[i]f this threshold objective standard is satisfied, the patentee must also demonstrate that this objectively-defined risk . . . was either known or so obvious that it should have been known to the accused infringer.”¹¹⁴ The court explicitly left the application and development of this standard to future cases since it was only determining the willfulness standard as a preliminary matter to the extent of waiver of the attorney-client

¹⁰⁶ *Id.* at 1370 (citing *Safeco Ins. Co. of Am. v. Burr*, ___ U.S. ___, 127 S. Ct. 2201 (2007)).

¹⁰⁷ *Id.* at 1370-71 (citing *Safeco*, 127 S. Ct. at 2209).

¹⁰⁸ *Id.* (citing *Farmer v. Brennan*, 511 U.S. 825, 836 (1994)).

¹⁰⁹ *Id.* at 1371.

¹¹⁰ *Id.*

¹¹¹ *Seagate*, 497 F.3d at 1371

¹¹² *Id.*

¹¹³ *Id.*

¹¹⁴ *Id.*

privilege when a defendant raises the advice of counsel defense.¹¹⁵ The Federal Circuit or any other court has yet to apply this standard in determining whether to disqualify an opinion-drafting attorney. It appears that the opinion letter will play an important role in examining both steps of the new willful infringement standard. Applying the facts from the cases discussed above following *Underwater Devices* will be helpful in predicting how this new standard will be applied with respect to disqualification of opinion-drafting attorneys.

1. Opinion Letters Will Likely Examine the Same Considerations In Determining Whether an Objectively High Risk Existed

The first prong of the *Seagate* standard requires an analysis to determine whether “the infringer acted despite an objectively high likelihood that its actions constituted infringement of a valid patent.”¹¹⁶ Thus, the *Seagate* court has imposed an objective standard upon the willful infringement analysis.¹¹⁷ Black’s dictionary defines “objective” as “[o]f, relating to, or based on externally verifiable phenomena, as opposed to an individual’s perceptions, feelings, or intentions.”¹¹⁸ Black’s further defines “objective standard” as “[a] legal standard that is based on conduct and perceptions external to a particular person.”¹¹⁹ The *Seagate* court has therefore created a standard in which the state of mind of the infringer is initially entirely irrelevant to the determination of willfulness.

Since the state of mind of the infringer is entirely irrelevant to the first prong, the state of mind and conclusions of the opinion-drafting attorney are also likely to be irrelevant. The result is that the fact that an opinion letter was obtained will not likely be a major factor in determining whether there was an objectively high risk of infringement. The considerations within the

¹¹⁵ *Id.*

¹¹⁶ *Id.*

¹¹⁷ *Id.*

¹¹⁸ BLACK’S LAW DICTIONARY (8th ed. 2004).

¹¹⁹ *Id.*

opinion letter, however, are likely to be the same factors to determine whether there was an objectively high risk. In short, the opinion letter itself would not be an objective indication of a high risk or lack thereof, but the contents of the opinion letter are likely to be the same considerations that will prove or disprove an objectively high risk. Therefore, clients will be able to take solace in the fact that an attorney, after engaging in a thorough review and analysis, has provided them with a non-infringement opinion.

The cases explicitly following the *Underwater Devices* standard, and finding disqualification improper, did so from an objective viewpoint and are instructive.¹²⁰ These cases stated that the proper inquiry into an opinion letter was whether it “*appears to be competent*,”¹²¹ that the opinion letter should be examined by the “four corners of the document,”¹²² and that the proper inquiry was “whether an opinion on validity or infringement was sought and offered rather than the correctness of the opinion itself.”¹²³ It is not surprising then that the *Liqui-Box* court only considered the opinion for factors such as “whether counsel examined the file history of the patents, whether the opinion came from in-house or outside counsel . . . and whether the opinion came from a patent attorney.”¹²⁴ Similarly, the *Ristvedt-Johnson* court stated that “the opinion letter should be reviewed for its overall tone, its discussion of case law, its analysis of the particular facts and its reference to inequitable conduct [by the patent holder’s attorney].”¹²⁵ These factors are all objective factors that can be determined by examining the “four corners” of the document.

¹²⁰ See generally *Bristol-Myers*, 2000 WL 1655054, at *2-4; *Liqui-Box*, 16 U.S.P.Q.2d at 1075; *Ristvedt-Johnson*, 1990 WL 114732, at *3;

¹²¹ *Bristol-Myers*, 2000 WL 1655054, at *2 (emphasis added).

¹²² *Liqui-Box*, 16 U.S.P.Q.2d at 1075.

¹²³ *Ristvedt-Johnson*, 1990 WL 114732, at *3.

¹²⁴ *Liqui-Box*, 16 U.S.P.Q.2d at 1075.

¹²⁵ *Ristvedt-Johnson, Inc. v. Brandt, Inc.*, 1990 WL 114732, at *3 (citing *Westvaco Corp. v. Int’l Paper*, 991 F.2d 735, 743-44 (Fed. Cir. 1993)).

By objectively examining a non-infringement opinion, without any further testimony from the opinion-drafting attorney, courts will be able to conclude whether reliance on the opinion would tend to prove or disprove willful infringement. If an opinion were written by a non-patent attorney, and this was apparent to the infringer, then this would tend to show that the infringer acted despite an objectively high likelihood that his actions would constitute infringement. If the opinion that was provided to the infringer were grossly inadequate in that it only made conclusory statements without analysis this would also tend to prove that the infringer acted despite an objectively high likelihood that his actions would constitute infringement. If, on the other hand, the opinion was drafted by a known patent attorney, cited legal precedent, engaged in a thoughtful and thorough analysis, included all relevant information provided by the infringer, and reached a conclusion after balancing facts for an against the client, this would tend to show that there was not an objectively high likelihood of infringement because reasonable men would be able to differ about whether the actions constituted infringement or not. In any event, the drafting attorney will not be necessary to testify about how the opinion objectively appeared to the infringer.

2. If the Objectively High Risk is Shown, the Infringer’s Knowledge of the Risk Will Likely Be Affected By the Opinion

The second prong requires that “[i]f this threshold objective standard is satisfied, the patentee must also demonstrate that this objectively-defined risk . . . was either known or so obvious that it should have been known to the accused infringer.”¹²⁶ This is consistent with Federal Circuit’s previous analysis following *Underwater Devices* into “whether the infringer, when he knew of the other's patent protection, investigated the scope of the patent and formed a

¹²⁶ *Id.*

good-faith belief that it was invalid or that it was not infringed.”¹²⁷ In *Seagate*, the Federal Circuit has reiterated that the proper inquiry is into the knowledge of the infringer and precludes inquiry into the knowledge of the attorney or any other third party.

If the *Rohm*, *Crossroads*, and *Amsted* courts were to address their cases under the second prong of the *Seagate* willful infringement standard, it is likely that these courts would have reached a different conclusion and would not have disqualified the opinion-drafting attorneys. In those cases the attorneys were disqualified based upon inquiries into their “qualifications and objectivity,”¹²⁸ “credibility and legal acumen,”¹²⁹ or knowledge of relevant facts.¹³⁰ The second prong of this new standard clearly limits the inquiry into whether the accused infringer knew, or should have known, that their activity would be infringing. The opinion-drafting attorney will not be able to provide any testimony that the infringer could not provide since the infringer’s beliefs regarding whether its actions were infringing could only be formed upon the information and analysis that the attorney communicated to them, either in an opinion letter or any other communication.

An opinion letter can show that the risk was *known* if the attorney gives the opinion that conduct would be infringing. Alternatively, the opinion letter may also show that the infringer *should have known* of the infringing activity based upon the inadequacy of the opinion. The same objective factors for evaluating an opinion, as discussed above, will also be indicative of whether an infringer should have known their conduct was infringing. If an opinion were grossly inadequate then the client should either request a further inquiry with the same attorney or seek a second opinion from another attorney that would engage in a more thorough analysis. Relying on

¹²⁷ *Read Corp. v. Portec, Inc.*, 970 F.2d at 826-27 (emphasis added).

¹²⁸ *Rohm & Haas Co. v. Lonza, Inc.*, 1999 WL 718114, at *1.

¹²⁹ *Crossroad Sys. (Texas)*, 2006 WL 1544621, at *9-11.

¹³⁰ *Amsted Indus.*, 16 U.S.P.Q. 2d at 1741-42.

an inadequate (not inaccurate) opinion would constitute reckless behavior. By contrast, if a client relies on a non-infringement opinion that is thorough and complete their behavior would not be reckless. Clients should be able to reasonably rely on information that is communicated to them by their attorneys.

Since the contents of non-infringement opinions will analyze the same factors that tend show whether there was an objectively high risk, and since clients should be able to rely on thorough non-infringement opinions, an opinion-drafting attorney will not provide any evidence that is material to determining whether a client engaged in willful infringement.

III. THE FEDERAL CIRCUIT LIMITED WAIVER OF ATTORNEY WORK-PRODUCT IN ADVICE OF COUNSEL DEFENSES SO ATTORNEY CAN ONLY TESTIFY ABOUT INFORMATION THAT IS OBTAINABLE THROUGH OTHER SOURCES

Even if a court determines that an opinion-drafting attorney can testify to material evidence, that attorney is still likely not a necessary witness because the same information that the attorney will testify to is available through other sources, most notably the client who received the opinion letter. Any relevant information that the opinion-drafting attorney has, that the client does not have, will be protected by the attorney work product doctrine.

In *Echostar* the defendant raised the advice of counsel defense to refute a claim of willful infringement.¹³¹ The Federal Circuit reaffirmed that by raising the advice of counsel defense the client waived the attorney-client privilege.¹³² The court stated, “waiver applies to all other communications relating to the same subject matter.”¹³³ Prior to *Echostar*, district courts differed about whether the waiver also applied to attorney work product that was never communicated to

¹³¹ *In re Echostar Commc’ns Corp.*, 448 F.3d 1294, 1298-99 (Fed. Cir. 2006).

¹³² *Id.* at 1300-01.

¹³³ *Id.*

the client.¹³⁴ Several district courts concluded that the waiver covered documents never disclosed to the client because this would be a means of limiting the advice of counsel defense to “infringers who prudently and sincerely sought competent advice from competent counsel.”¹³⁵ Moreover, these district courts relied on the fact 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.”¹³⁶ Lastly, the courts were concerned that parties would assert the work product protections for unfavorable information while waiving the protections for favorable information.¹³⁷ The *Echostar* court ultimately concluded that these district courts were incorrect and held that waiver does not extend to work product that was never disclosed to the client.¹³⁸

In reaching this conclusion, the Federal Circuit noted that work-product waiver only extends to “factual” or “non-opinion” work product as opposed to work-product that reflects an “attorney’s own analysis and debate over what advice will be given.”¹³⁹ This heightened protection for opinion work-product is recognized “because it promotes 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.”¹⁴⁰ As was stated in *Seagate*, “mental process work product is afforded even greater, nearly absolute, protection.”¹⁴¹ In limiting the waiver of the work product protections only to documents actually communicated to the client and factual work product, the court reasoned that “if a legal opinion or mental impression was never communicated to the client, then it provides little if any assistance to the court in determining

¹³⁴ *Id.*

¹³⁵ *Id.* (citations omitted).

¹³⁶ *Id.* (citations omitted).

¹³⁷ *Echostar*, 448 F.3d at 1301.

¹³⁸ *Id.* at 1303.

¹³⁹ *Id.*

¹⁴⁰ *Id.* at 1301 (quoting *Hickman v. Taylor*, 329 U.S. 495, 511 (1947)).

¹⁴¹ *Seagate*, 497 F.3d at 1375.

whether the accused knew it was infringing, and any relative value is outweighed by the policies supporting the work-product doctrine.”¹⁴² Thus, the scope of discovery when an advice of counsel defense is raised is limited. The effect of this holding is that opposing parties can only require disclosure of information and attorney work product that was communicated between to the client. This necessarily means that another witness will be able to testify about the information that the attorney would have knowledge about.

The District Court in *Amsted* held that the attorney was a necessary witness because it was necessary for the attorney to testify, and not a representative of the client itself, because the attorney was in the best position to know what information he considered, what information was material to his non-infringement opinion, and whether any information not provided to him would have been material to the conclusions which he reached.¹⁴³ This inquiry, however, appears to be limited by the recent holding of *Echostar*. The *Echostar* court noted that the “[w]ork product waiver extends only so far as to inform the court of the *infringer’s* state of mind,” so it is irrelevant to inquire into what the attorney believed, unless this information was actually communicated to the client.¹⁴⁴ The *Echostar* court then stated, “It is important what the alleged infringer knew or believed, and by contradistinction not what other items counsel may have prepared but did not communicate to the client, that informs the court of an infringer’s willfulness.”¹⁴⁵ Once again, the result is that an opinion-drafting attorney is not a necessary witness.

¹⁴² *Echostar*, 448 F.3d at 1304.

¹⁴³ *Amsted*, 16 U.S.P.Q.2d at 1743.

¹⁴⁴ *Echostar*, 448 F.3d at 1303.

¹⁴⁵ *Id.*

IV. CONCLUSION

Since courts have generally held that an attorney is a necessary witness or ought to be called as a witness if that attorney “[1] will give evidence material to the determination of the issues being litigated, [2] that the evidence is unobtainable elsewhere, and [3] that the testimony is or may be prejudicial to the testifying attorney's client,” opinion-drafting attorneys are not necessary witnesses.¹⁴⁶ Opinion-drafting attorneys will not testify about evidence material to the determination of willful infringement because willful infringement (under both the *Underwater Devices* and *Seagate* standards) examines what the infringer *believed* at the time it engaged in its infringing activity. Moreover, since the waiver of work product protection is limited to information and documents actually communicated to the client, the information being sought will almost always be obtainable from another source. In conclusion, attorneys who provide non-infringement or invalidity opinions are not necessary witnesses absent exceptional circumstances.

¹⁴⁶ *Pub. Util. Dist. No. 1 v. Int'l Ins. Co.*, 881 P.2d 1020, 1033 (Wash. 1994) (discussing R. 3.7); *accord Personalized Mass Media Corp. v. Weather Channel, Inc.*, 899 F. Supp. 239, 243 (E.D. Va. 1995) (discussing DR 5-102; *Cottonwood Estates, Inc. v. Paradise Builders, Inc.*, 624 P.2d 296, 302 (Ariz. 1981) (discussing DR 5-102).