
Waiver of Privilege When Relying upon Advice of Counsel in Defense to an Allegation of Willful Infringement

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Companies concerned about another's patent often seek "opinions of counsel" for the purpose of establishing a defense to charges of willful infringement and avoiding the specter of the treble damages that may be assessed against one found to be a willful infringer. Such opinions of counsel are often produced during litigation to show that, rather than willfully infringing, the defendant exercised due care by obtaining an opinion that its activities do not infringe any valid claims of the patent. Like other communications between an attorney and a client, opinions of counsel may be protected by the attorney-client privilege. However, that privilege is waived if the opinion is produced in litigation. In a recent case, *In re EchoStar Communications Corp.*, the US Court of Appeals for the Federal Circuit addressed the scope of the waiver associated with producing such an opinion. In *EchoStar*, the Federal Circuit held that all opinion counsel, and any work-product of opinion counsel that reflected communications with the client on the subject matter of the waiver, were included in the waiver.

In *EchoStar*, EchoStar Communications and several of its affiliated entities had relied upon advice of in-house counsel with regard to potential infringement of a patent owned by TiVo. After TiVo sued EchoStar and asserted willful infringement of its patent, EchoStar obtained additional legal advice regarding the TiVo patent from the law firm Merchant & Gould and another outside firm. While litigating in the US District Court for the Eastern District of Texas, EchoStar maintained that it had elected not to rely upon the additional legal advice from Merchant & Gould, and therefore it had never waived the attorney-client privilege as to its communications with its attorneys there. The district court held, however, that by producing the advice of in-house counsel during litigation, EchoStar had waived its attorney-client privilege and **all** attorney work-product immunity relating to advice of **any** counsel regarding infringement, including that provided by Merchant & Gould. Both EchoStar and Merchant & Gould sought relief from the district court's order by *writ of mandamus* petition to the Federal Circuit.

The Federal Circuit agreed with the district court that by producing the advice prepared by its in-house counsel, EchoStar "waived the attorney-client privilege with regard to any attorney-client communications relating to the same subject matter, including communications with counsel other than in-house counsel, which would include communications with Merchant & Gould." *EchoStar* did

not explicitly address waiver of the privilege between client and trial counsel, although some have suggested that this language is broad enough to encompass such communications.

The Federal Circuit held that the district court's ruling that EchoStar had waived all of its attorney work-product immunity was an abuse of discretion, but nonetheless found that EchoStar had waived some of its attorney work-product immunity. In particular, the Federal Circuit stated:

Therefore, when an alleged infringer asserts its advice-of-counsel defense regarding willful infringement of a particular patent, it waives its immunity for any document or opinion that embodies or discusses a communication to or from it concerning whether that patent is valid, enforceable, and infringed by the accused. This waiver of both the attorney-client privilege and the work-product immunity includes not only any letters, memorandum, conversation, or the like between the attorney and his or her client, but also includes, when appropriate, any documents referencing a communication between attorney and client.

However, the Federal Circuit also stated that the waiver of attorney work-product immunity did not extend to "documents analyzing the law, facts, trial strategy, and so forth that reflect the attorney's mental impressions but were not given to the client."

The decision in *In re Echostar* illustrates aspects of the scope of the waiver of protection of communications with counsel that may occur whenever advice of counsel is relied upon in defense to willful infringement. Companies should be aware of this when considering such a defense.

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