

In The  
United States Court of Appeals  
For The Federal Circuit

Miscellaneous Docket No. 830

IN RE SEAGATE TECHNOLOGY, LLC,

*Petitioner.*

ON WRIT OF MANDAMUS FROM THE  
UNITED STATES DISTRICT COURT FOR THE SOUTHERN DISTRICT  
OF NEW YORK IN CASE NO. 00-CV-5141,  
JUDGE GEORGE B. DANIELS.

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THE CONEJO VALLEY BAR ASSOCIATION  
BRIEF OF *AMICUS CURIAE* IN *PRO BONO PUBLICO*

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*Date: March 19, 2007*

## CERTIFICATE OF INTEREST

Counsel for *amicus* Conejo Valley Bar Association certifies:

1. The full name of every party or *amicus* represented by me is: Conejo Valley Bar Association.
2. The name of the real party in interest (if the party named in the caption is not the real party in interest) represented by me is: not applicable.
3. All parent corporations and any publicly held corporations that own 10 percent or more of the stock of the party or *amicus curiae* represented by me are: not applicable.
4. The names of all law firms and the partners or associates that appeared for the party or *amicus* now represented by me in the trial court or agency or are expected to appear in this Court are: Steven C. Sereboff, Mark A. Goldstein, M. Kala Sarvaiya, SoCal IP Law Group LLP.

March 19, 2007



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M. Kala Sarvaiya, Esq.

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## **ABOUT *AMICUS CURIAE* CONEJO VALLEY BAR ASSOCIATION**

Based in the heart of Southern California's 101 Technology Corridor, the Conejo Valley Bar Association draws its membership primarily from local law firms and in-house attorneys serving small, mid-market and large companies. Our members' clients include high technology, high growth companies in fields such as software, biotech, telecommunications and semiconductors. Our members' clients include technology innovators who vend in some of the world's most competitive markets.

### **INTRODUCTION**

On January 26, 2007, the Court invited the parties in the above-captioned case to brief three questions concerning the scope and effect of the waiver of the attorney-client privilege when a party asserts the advice of counsel defense. The Court also invited *amicus curiae* to brief these three questions. In the first question, the Court asked whether a party's assertion of the advice of counsel defense to willful infringement should extend the attorney-client privilege waiver to communications with that party's trial counsel. In the second question, the Court asked what the effect of any such waiver should be with respect to work-product immunity. *Amicus curiae* Conejo Valley Bar Association respectfully addresses these two issues.

*Amicus curiae* writes *in pro bono publico*, rather than in support of either party. We are unconcerned with the outcome of the case, though decidedly concerned about the issues. We wish to see the American public benefit from innovation, from technical disclosure, and from competition in product and service markets. In short, we support the purpose of the patent system. The Conejo Valley Bar Association believes that the patent laws and Federal Rules of Civil Procedure should be interpreted in ways that best serve these important public policies.

## ARGUMENT

The central issue when determining willfulness is the accused party's *state of mind*. That is, "what did the party *know* and *think* with respect to its infringement?" When a party asserts the advice of counsel defense, the central issue becomes compounded with the additional question of, "what communications with its counsel did that party rely on in forming its *state of mind*?"

With the exception of the case in which the party expresses his or her state of mind, proving a party's state of mind is a difficult task. Moreover, determining what communication with counsel the party *may* or *may not* have relied on is even more difficult.

We believe that the law should encourage reasonable behavior, such as avoiding patent infringement. We oppose tactical mischief in litigation, because it

drives up costs and saps judicial resources without producing much benefit to the litigants or the public. In *Knorr-Bremse*,<sup>1</sup> this Court formulated rules on willfulness which encourage innovation and economic development. As in our *amicus brief* in *Knorr-Bremse*, we again urge a ruling which encourages clients to obtain competent advice of counsel, and allows patentees to show when infringers have clearly and convincingly failed to act reasonably.

When an infringer asserts the advice of counsel defense in response to a charge of willfulness, the attorney-client privilege is considered waived as to counsel who provided the advice. Ideally, the infringer would have received a competent, formal opinion from counsel addressing the infringer's potential liability. Ideally, that formal opinion can stand alone as the largest legal communication impacting the infringer's state of mind.

Only in this way can the focus remain on the infringer's state of mind.

I. A Party's Assertion Of The Advice Of Counsel Defense To Willful Infringement Should Result In A Narrow Waiver Of The Attorney-Client Privilege Waiver

A party's assertion of the advice of counsel defense to willful infringement should result in a narrow waiver of the attorney-client privilege. A narrow waiver means that only the formal opinion communicated to the client and any related communication surrounding the rendering of the opinion should be considered

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<sup>1</sup> *Knorr-Bremse Systeme Fuer Nutzfahrzeuge GmbH v. Dana Corp.*, 383 F.3d 1337 (Fed. Cir. 2004) (*en banc*).

waived. In other words, only those communications which were strictly related to the party's state of mind concerning infringement should be considered waived. According to this definition, communications with counsel regarding other issues, such as litigation strategy, should *not* be considered waived.

For at least two reasons, a narrow waiver provides an equitable solution which protects the interests of both parties involved in the litigation.

First, a narrow waiver protects the patentee because a patentee can readily adduce the state of mind of the alleged infringer. That is, the patentee can review the formal opinion to ascertain its competence. In this way, the patentee can evaluate whether the infringer reasonably relied on the formal opinion. A larger fishing expedition of all communications with all counsel concerning infringement is unnecessary, because testimony of the infringer, the formal opinion, and related communications with opinion counsel are the best source to learn the infringer's state of mind.

Second, a narrow waiver protects the infringer because it properly limits the focus of the willful infringement analysis on the infringer's state of mind. That is, by confining the waiver strictly to communications regarding the formal opinion, the alleged infringer can be assured that information not communicated to him will not be the basis of the willfulness analysis. As stated in *In re Echostar Communs*.

*Corp.*<sup>2</sup>, “It is 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.”<sup>3</sup>

For the above mentioned two reasons, it is vital that the scope of the attorney-client privilege be interpreted narrowly.

Anything but such a narrow waiver runs the risk of blurring the issue to potentially include the party's *counsel's* state of mind. This would result in an impermissible intrusion into litigation strategy. We therefore disagree with District of Delaware's holding in *Novartis Pharms. Corp. v. EON Labs Mfg., Inc.*:<sup>4</sup> “it is critical for the patentee to have a full opportunity to probe, not only the state of mind of the infringer, but also the mind of the infringer's lawyer upon which the infringer so firmly relied.”<sup>5</sup> This kind of open-ended fishing expedition blurs the central issue. That is, the willfulness inquiry should remain focused on the infringer's state of mind, and no one else.

Therefore, a practical equitable solution to ensure that both parties' interests are protected is to interpret the scope of the waiver narrowly.

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<sup>2</sup> 448 F.3d 1294 (Fed. Cir. 2006).

<sup>3</sup> *Echostar*, 448 F.3d at 1303.

<sup>4</sup> 206 F.R.D. 396 (D. Del. 2002).

<sup>5</sup> 206 F.R.D. 399.

This equitable solution is best suited for the situation in which there is a competent, formal opinion. Accordingly, clients that obtain competent formal opinions are insulated from deeper probing; those that fail to obtain competent formal opinions are more exposed.

- a. A Competent Formal Opinion Must Within its Four Corners Show why the Client Can Rely on it in Good Faith.

Turning to the issue now of what the client *knew* or *believed*, the formal opinion should be analyzed for competence. The formal opinion must demonstrate on its face that the client can, in good faith, rely on its conclusions. There are at least four factors to show competence of a formal opinion.

First, the opinion must be conspicuously objective. An objective opinion views the issues from a judge's perspective, and shows the kind of balance we expect from our judges. Just as judge's opinions must stand up on appeal, an attorney's opinion must explain its conclusions and its underlying rationale. An objective opinion discusses potential counter-arguments and why those counter-arguments are incorrect. Because the attorney is not a judge and only predicting what a judge (and this Court) would decide, an objective opinion is written in terms of probabilities, not absolutes.

Irrespective of the author's identity, an objective opinion demonstrates the author's legal expertise in the field of patent law.

Second, the formal opinion must be accurate. Accuracy demands a legally sound and logically derived analysis. A competent formal opinion discusses precisely and accurately all of the relevant principles of patent law and all of the relevant facts. Without an explanation of the law, the client cannot know if the attorney used the correct mode of analysis. Without a discussion of the facts, the client cannot know that the attorney understood the accused product or service, the prior art, or other facts as the case may be. Finally, a formal opinion must apply the law as adduced to the facts at hand.

The issue is not so much whether the opinion is correct, though, as whether the infringer could reasonably rely upon it in good faith. As stated in *Echostar*, “Counsel’s opinion is not important for its legal correctness.”<sup>6</sup> This Court also added, “It is important to the inquiry whether it is 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.”<sup>7</sup>

Third, the opinion must be thorough. Certainly, the opinion must provide more than just conclusory or subjective statements. Infringement and validity opinions must construe the claims. In almost any opinion, the prosecution history must be explained and applied, focusing on any significant claim amendments or

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<sup>6</sup> *Echostar*, 448 F.3d at 1303.

<sup>7</sup> *Id.*

arguments that would affect the scope of the patent claims. The mere length of an opinion can be suggestive of its thoroughness. Patents and patent law are too complex for brief discussions.

Fourth, the opinion should show that the author understands patent law and the relevant technology. From the face of the opinion itself, the skill and understanding of the author should be apparent. This is one place where the four corners of the opinion are most telling.

These four factors show whether a formal opinion is competent. An opinion that satisfies these factors shows that the client can rely on it in good faith. In such a scenario, to best serve the principles of equity, it is essential that the attorney-client privilege waiver be interpreted narrowly. A narrow waiver will ensure that both parties have the possibility of focusing the litigation on the sole, central issue of willfulness – specifically, what the alleged infringer *knew*.

- b. A Narrow Waiver Ensures That The Focus Of The Willfulness Analysis Remains On The Infringer's State Of Mind.

As discussed above, the sole issue when determining a willfulness is the infringer's state of mind. A narrow waiver of the attorney-client privilege best protects the parties because it ensures that only information as to the infringer's state of mind will have a bearing on the judge's willfulness determination.

A broad waiver of the attorney-client privilege runs the risk of permitting communication between the client and its trial counsel to be considered waived. In the situation where opinion counsel and trial counsel are separate and distinct, a broad waiver unfairly prejudices the accused party because it allows the patentee to get information on the accused party's trial strategies and other issues not related to the state of mind of the accused infringer stemming from reliance on the opinion of counsel.

A broad waiver results in obfuscation and unfair distraction from the relevant information. Accordingly, a broad waiver unduly prejudices the infringer and unfairly strengthens the patentee's position.

## II. The Attorney-Client Privilege Waiver Should Have No Effect On The Work-Product Immunity

The work-product immunity doctrine protects documents that may have been prepared in anticipation of litigation. The attorney-client privilege and the work-product doctrine, though related, are two distinct concepts, and waiver of one does not necessarily waive the other.<sup>8</sup> The work-product immunity doctrine was designed to ensure that a fair and efficient adversarial system was created by

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<sup>8</sup> *EchoStar*, 448 F.3d at 1300.

protecting the attorney's thought processes and legal recommendations from opposing counsel.<sup>9</sup>

While the work-product immunity doctrine may include materials relating to a party's possible infringement, the doctrine only applies to materials prepared in anticipation of litigation. In the event that a client obtains a formal opinion, the material protected under the work-product immunity would have no bearing on the party's *state of mind* at the time of the infringement. In other words, the focus of the willful infringement analysis should remain solely on what the infringer knew. Since the infringer does not know the attorney's work product, it is not relevant.

A waiver of the work-product immunity doctrine would run the risk of blurring the issue of the party's state of mind with other information which was never communicated to the party and which the party never relied on. Thus, if a legal opinion or mental impression was never communicated to the client, it provides little if any assistance to the court in determining whether the accused knew it was infringing. Further, any relative value is outweighed by the policies supporting the work-product doctrine.<sup>10</sup> Accordingly, the *narrow* waiver of the attorney-client privilege should have no bearing on the work-product immunity doctrine.

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<sup>9</sup> *EchoStar*, 448 F.3d at 1301.

<sup>10</sup> *EchoStar*, 448 F.3d at 1304.

## CONCLUSION

We are encouraged by the Court's selection of the issue of the scope of the attorney-client privilege waiver for *en banc* review, and look forward to guidelines which judges may use to accurately and consistently evaluate the scope of the attorney-client privilege waiver. The Conejo Valley Bar Association respectfully requests that the Court provide guidance in line with our analyses above to ensure that the law balances the interests of promoting an accused infringer's full and frank communication with counsel while also protecting a patentee's right to determine if an infringer acted willfully.

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## CERTIFICATE OF FILING AND SERVICE

I certify that on this 19<sup>th</sup> day of March, 2007, the required number of copies of the Brief of *Amicus Curiae*, Motion for Leave to File Brief of *Amicus Curiae* and Appearance of Counsel Forms, were filed, via UPS Next Day Air, at the Office of the Clerk, United States Court of Appeals for the Federal Circuit.

I also hereby certify that on this 19<sup>th</sup> day of March, 2007, the required number of copies of the foregoing Brief of *Amicus Curiae*, Motion and Appearance of Counsel Forms were served, via UPS Next Day Air, addressed to the following counsel of record:

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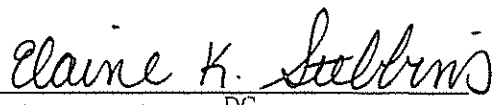
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