Invention Records Can be Protected by the Attorney-Client Privilege

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The attorney-client privilege prevents privileged communications from being discovered or used against a client. The attorney-client privilege is premised upon encouraging clients to make full disclosure to their attorneys.[1] By promoting this full disclosure of facts, an attorney is better able to advocate the client's interests.[2]

Generally, the privilege protects confidential communications made to an attorney for the purpose of seeking legal advice. While the definition of the privilege varies in different jurisdictions, the traditional elements of the privilege are relatively straightforward.[3] The traditional elements of the privilege usually include that the communication was made in confidence to an attorney in their professional capacity for the purpose of obtaining legal advice. Historically, the attorney-client privilege prevented an attorney from revealing communications

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[1] United States v. Upjohn Co., 600 F.2d 1223, 1226 (6th Cir. 1979), *rev'd on other grounds*, 449 U.S. 383 (1981), *quoting*, Fisher v. United States, 425 U.S. 391, 403, 96 S.Ct. 1569, 1577, 48 L.Ed.2d 39 (1976).

[2] Upjohn, 600 F.2d at 1226.

[3] Two frequently quoted definitions of the attorney-client privilege in federal courts are from Professor Wigmore and Judge Wyzanski. *Quoting* Paul R. Rice, *Attorney-Client Privilege: The Eroding Concept of Confidentiality Should be Abolished*, 47 Duke L.J. 853, 854 n.2 (1998).

> Professor Wigmore defined the privilege in these terms: (1) Where legal advice of any kind is sought (2) from a professional legal adviser in his capacity as such, (3) the communications relating to that purpose, (4) made in confidence (5) by the client, (6) are at his instance permanently protected (7) from disclosure by himself or by the legal adviser, (8) except the protection be waived. VII J. Wigmore, Evidence, § 2292, at 558 (McNaughton Rev. 1940).
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> Judge Wyzanski offered this definition of the elements in United States v. United Shoe Mach. Corp.:
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> > The privilege applies only if (1) the asserted holder of the privilege is or sought to become a client; (2) the person to whom the communication was made (a) is a member of the bar of a court, or his subordinate and (b) in connection with this communication is acting as a lawyer; (3) the communication relates to a fact of which the attorney was informed (a) by his client (b) without the presence of strangers (c) for the purpose of securing primarily either (i) an opinion on law or (ii) legal services or (iii) assistance in some legal proceeding, and not (d) for the purpose of committing a crime or tort; and (4) the privilege has been (a) claimed and (b) not waived by the client. United States v. United Shoe Mach. Corp., 89 F. Supp. 357, 358-59 (D. Mass. 1950).

between the attorney and a client.[4] In all formal definitions of the attorney-client privilege, whether employed in state or federal courts, the client or the attorney must communicate with the other *in confidence*, and subsequently that confidentiality must have been maintained. Over time, confidentiality has become an element of the test for determining whether a communication is protected by the attorney-client privilege.[5]

The application of the privilege has been controversial, this is especially with respect to communications relating to patent prosecution. Two lines of cases have evolved regarding application of the privilege to communications relating to patent prosecution, both of the lines focusing on the confidentiality of the communications. The first line of cases refuses to apply the privilege to various communications relating to patent prosecution, specifically communications primarily consisting of technical information provided to an attorney for the preparation of a patent application.[6] The second line of cases allows the privilege to be applied to such communications. Specifically, the attorney who prepares and prosecutes patent applications has no duty different than any other counsel representing a client when dealing with administrative agencies. Therefore, simply because the information may be disclosed to an

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[4] Baker v. Arnold, 1 Cai. R. 258, 272 (N.Y. Sup. Ct. 1803) ("The right which clients have to the secrecy of their counsel produces confidence and a full disclosure of every fact necessary to the latter's forming a just estimate of their several cases "); Craig v. Earl of Anglesea, 17 How. St. Tr. 1139, 1244 (Ex. in Ir. 1743) ("The attorney is to keep secret what comes to him as an attorney"); 47 Duke L.J. 853, 868 n.38

[5] The privilege assumes, of course, that the communications are made with the intention of confidentiality. The reason for prohibiting disclosure ceases when the client does not appear to have been desirous of secrecy. ... No express request for secrecy, to be sure, is necessary; but the circumstances are to indicate whether by implication the communication was of a sort intended to be confidential; and the mere relation of attorney and client does not raise a presumption of confidentiality. 4 J. Wigmore, Evidence, § 2311, at 3233-34 (1904) (citations omitted); 47 Duke L.J. 853, 869 n.41.

[6] Burlington Indus. v. Exxon Corp., F.R.D. 26, 184 U.S.P.Q. 651 (D. Md. 1974); Jack Winter Inc. v. Koraton, Inc., 50 F.R.D. 225, 166 U.S.P.Q. 295 (N.D. Cal. 1970).

agency in one form or another does not destroy the actual confidentiality of the communication of that information to counsel.[7]

The rationale for the first line of cases is that the expectation of confidentiality is lacking, because the technical information in the communication is ultimately desired to be incorporated into an issued United States Patent. Since the applicant and attorney are under a duty to disclose this technical information to the United States Patent and Trademark Office under 35 U.S.C. §§111 and 112, the aspect of confidentiality of the communication is destroyed. Under this theory it has been argued that a patent attorney is acting as a mere " information to the Patent Office. Jack Winter, 50 F.R.D. at 228, 166 U.S.P.Q. at 297-98.

The second line of cases tries to balance the applicability of the attorney-client privilege with the discovery of relevant documents. This balance leads to conclusions that while the communication itself (i.e., the invention record) may be privileged, the facts and technical information that it contains are not necessarily privileged. The facts and other technical information are not privileged if they can be obtained by other means of discovery besides requesting the invention record submitted to counsel. Furthermore, the characterization by the first line of cases, that the function of a patent attorney was merely to funnel technical information to the United State Patent and Trademark Office is considered to be an "inaccurate and uninformed characterization of the patent attorney's role."[8]

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[7] Natta v. Hogan, 392 F.2d 686, 157 U.S.P.Q. (10th Cir. 1968); In re Amplicillin Antitrust Litigation, 81 F.R.D. 377, 202 U.S.P.Q. 134 (D. D.C. 1978).

[8] Knogo Corporation v. United States, 213 U.S.P.Q. 936, 940 (Ct. Cl. 1980).

Recently, the Federal Circuit has affirmed the line of cases that hold invention records are protected by the attorney-client privilege, if the records are "provided to an attorney for the purpose of securing primarily legal opinion, or legal services, or assistance in a legal proceeding."[9] In In re Spalding Sports Worldwide Inc., the CAFC held that the applicability of the attorney-client privilege to invention records, although a procedural issue, is governed by Federal Circuit law because the procedural issue bears an essential relationship to matters committed to the CAFC's exclusive jurisdiction.[10] This decision specifically held that the applicability of the attorney-client privilege to invention records prepared and submitted to in-house counsel should be decided on a case-by-case basis.[11] In deciding whether in this specific case the attorney-client privilege applied to the invention record, the court noted that the record itself "constitutes a communication to an attorney" and that the "communication was made for the purpose of obtaining legal advice".[12]

The determination that the invention record was made for the purpose of obtaining legal advice was influenced by the declaration of Spalding's patent counsel that "[i]t was and is, the policy at Spalding for Spalding's patent counsel, and/or outside counsel to whom the invention is delegated for evaluation to refer to the invention record for the purpose of making patentability determinations."[13] Furthermore, the CAFC held that even though a part of an invention record may not seek legal advice, there is no need to dissect and evaluate the applicability of the attorney-client privilege to different sections of the invention record.[14] Lastly, the CAFC held

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[9] In Re Spalding Sports Worldwide, Inc., 53 U.S.P.Q.2d (BNA) 1747, 2000 WL 146096
[10] Id., 53 U.S.P.Q.2d at 1750, 2000 WL 146906, 3.
[11] Id., 53 U.S.P.Q.2d at 1751, 2000 WL 146906, 4.
[12] Id.
[13] Id., 53 U.S.P.Q.2d at 1751, 2000 WL 146906, 5.
[14] Id.

that an allegation of inequitable conduct does not invoke the crime-fraud exception to the attorney-client privilege unless the party urging production can make out a prima facie showing of Walker Process fraud.[15]

This ruling, by the Federal Circuit, is of significant importance to all in the patent area, whether they are outside or in-house counsel or inventors. The Federal Circuit has finally stopped the continuation of the two divergent lines of cases and added stability to an area that can become an issue in most infringement litigations. The holding makes clear that invention records prepared and submitted primarily for the purpose of obtaining legal advice on patentability and for use in preparing patent applications are privileged. Therefore, it might be a wise practice for inventors to write invention records to either in-house or outside counsel asking for advice on patentability from the very beginning. Furthermore, invention records should not be carbon-copied to large numbers of individuals in a corporation or written as memos to a file, as this may destroy the confidentiality of such communications.

[15] Id., 53 U.S.P.Q.2d at 1752-53, 2000 WL 146906, 7. (Walker Process fraud is a synonym for common law fraud. The term comes from the U.S. Supreme Court case entitled Walker Process Equip. Inc. v. Food Mach & Chem. Corp., 382 U.S. 172, 86 S.Ct. 347, 15 L.Ed.2d 247 (1965)).