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## PATENTS

Akin Gump attorneys review the state of attorney-client and work product privileges in light of district court and Federal Circuit rulings in *In re OptumInsight*.

## Privilege Waiver Under *In re OptumInsight*



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Privilege waiver is a serious consideration for litigants. While *Seagate* squarely dealt with waiver by the infringer (in the context of willfulness), less attention has been placed on privilege waiver by the patentee.

Last July, the U.S. Court of Appeals for the Federal Circuit in *In re OptumInsight* upheld the lower court's finding that the patentee's submission of an attorney declaration in an ex parte reexamination proceeding waived both attorney-client and work product privileges. No. 2017-116, 2017 BL 255912 (Fed. Cir. July 20,

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2017) ("*OptumInsight II*"), *aff'g Cave Consulting Grp. v. OptumInsight, Inc.*, No. 15-cv-03424-JCS, 2016 BL 355510 (N.D. Cal. Oct. 25, 2016) ("*OptumInsight I*"). Although this nonprecedential decision focused mostly on whether a predecessor company's privilege waiver extended to post-merger communications, the district court decision below is of interest for what it reveals about the potential scope of waiver triggered by a submission to the U.S. Patent and Trademark Office. In addition to reviewing that district court decision, we review other cases where PTO submissions have been found to trigger waiver.

Finally, another part of the district court's decision found that work product protection was applicable to patent prosecution and reexamination work. We also analyze cases where courts found work product protection applicable to materials prepared for proceedings before the PTO.

### Background on *OptumInsight*

Symmetry Health Data Systems Inc. was in the business of healthcare analytics software. In 1994, it submitted a response to Aetna's request for proposal (RFP), offering to license its software. Over a year later, Symmetry applied for a patent that covered same the technology that was the subject of the Aetna negotiations. U.S. Patent No. 5,835,897 issued in 1998.

In 2000, Symmetry initiated ex parte reexamination to address the Aetna offer (which it had not done during patent prosecution). Symmetry asked the PTO to consider whether its RFP response was an invalidating offer for sale under 35 U.S.C. § 102(b). In support, it submitted an affidavit of its patent prosecution counsel stating his legal conclusions that the invention was not conceived until *after* the RFP response, that the invention was not ready for patenting, and accordingly, that the RFP response was not an invalidating offer for sale.

The affidavit also described materials the attorney considered in his legal analysis, including confidential conversations with the named inventor.

While the reexamination was pending, Symmetry sued OptumInsight. To settle their litigation, the companies fully merged in 2007 with OptumInsight as the surviving corporation. Subsequently, Cave Consulting Group sued OptumInsight on antitrust claims grounded in allegations that Symmetry had made fraudulent statements during the reexamination that misrepresented the conception date of the '897 patent.

Cave moved to compel OptumInsight to produce privileged materials concerning the conception date and first sale of the software, arguing that any privilege over those materials had been intentionally waived during the reexamination. After Judge Spero granted Cave's motion in part, OptumInsight petitioned the Federal Circuit for a writ of mandamus. The main dispute before the Federal Circuit was whether Symmetry's waiver imputed to its corporate successor, OptumInsight. The Federal Circuit affirmed Judge Spero's order to compel and agreed that Federal Rule of Evidence 502's fairness standard provided a basis for extending waiver of attorney-client privilege through the corporate merger. *OptumInsight II*, 2017 BL 255912, at \*4.

Not addressed at length in the Federal Circuit affirmation, but of interest, is Judge Spero's discussion of the scope of waiver. Not only did he rule that privilege had been waived with respect to the attorney communications pertaining to the specific subjects referenced in the declaration (such as the conception date, first sale of and capabilities of the software embodied by the patent, and the circumstances of the RFP), he determined that there was a waiver of work product protection of the same scope. *OptumInsight I*, 2016 BL 355510, at \*11-14. Judge Spero concluded that, in light of the "deluge of litigation" that commenced soon after issuance of Symmetry's patent and that continued through and beyond Symmetry's successful reexamination, the prosecution and reexamination were conducted "with an eye towards litigation" and thus fell within the scope of work product protection. *Id.* at \*13-14. But that protection was waived by Symmetry's disclosure in the attorney declaration of the process by which the attorney reached his legal conclusion that there was no statutory bar. According to Judge Spero:

"Where Symmetry presented its counsel's investigation and legal conclusion as a sword to persuade the PTO to rule in its favor in the reexamination, it cannot also rely on the work product doctrine as a shield to bar discovery of documents prepared or gathered during that investigation and that serve as a basis for that legal conclusion, nor other material related to the same subject matter."

*Id.* at \*13 (citing *In re EchoStar Comm'ns Corp.*, 448 F.3d 1294, 1304 (Fed. Cir. 2006)).

## Not All PTO Submissions Are Created Equal

Although the *OptumInsight* case is somewhat unique in finding that a submission to the PTO can waive work product protection, cases finding that such submissions waive attorney-client privilege are less rare. Where privilege waiver is found, it is often because a party

chose to submit an attorney's declaration relaying his opinion or communications with clients, rather than just submitting evidence of facts and presenting argument about those facts in a separate submission. See, e.g., *Milwaukee Elec. Tool Corp. v. Chervon N. Am., Inc.*, No. 14-CV-1289-JPS, 2017 BL 237134 (E.D. Wisc. July 10, 2017) ("*METCO*").

In *METCO*, the parties to litigation were involved in a parallel inter partes review (IPR) proceeding. During the IPR, the prosecuting attorney submitted an affidavit in which he described meetings and conversations he had with individuals (including named inventors) and presented his conclusions regarding dates of invention and reduction to practice; the affidavit also referred to an attached invention disclosure form. *Id.* at \*2-3. In the district court litigation, the judge found that the materials submitted in the IPR triggered waiver of attorney-client privilege. The real dispute between the parties centered on what subject matter was implicated. Although the patent holder argued that the waived subject matter only extended to conception, the court adopted defendants' broader definition: the "preparation of the patent applications directed to the alleged invention." *Id.* at \*3-5. In reaching this decision, the court noted that the patentee's reliance on draft patent applications to establish diligent reduction to practice supported a broader scope of waiver. The court also held that this broader scope of subject matter was counterbalanced by a limited temporal scope waiver: only documents dated between the alleged conception date and the filing date were encompassed by the waiver. *Id.* at \*5.

Submissions during regular prosecution can also trigger privilege waiver. E.g., *In re Visx*, 18 Fed. Appx. 821 (Fed. Cir. 2001); Order on Mot. to Compel, *Samsung SDI Co. v. Matsushita Elec. Indus. Co.*, No. CV 05-8493-AG(SHx) (C.D. Cal. Feb. 15, 2007), ECF No. 285.

In *Visx*, the patentee had been prosecuting applications in both the U.S. and Europe. In the proceedings before the European Patent Office (EPO), the applicant's U.S. application and journal publication created a bar to the European application. 18 Fed. Appx. at 822. The applicant's British patent agent argued to the EPO that the U.S. application was not an enabling reference, making a statement that clearly damaged prosecution of the U.S. patent. *Id.* Backtracking, the applicant submitted an IDS stating that at no point had the applicant authorized the British agent to make the subject representation to the EPO. *Id.* The trial court found (and the Federal Circuit agreed) that the patentee had waived attorney-client privilege on communications discussing the subject matter of the EPO statement, as well as documents pertaining to the British patent agent's authority to make such statements. *Id.* at 824.

In *Samsung*, the court found that when the applicant's patent prosecution counsel submitted an IDS form certifying that the attorney made "reasonable inquiry" as to whether inventors had known of the prior art reference, the patentee waived any attorney-client privilege that may have applied to such inquiry. Order, *Samsung v. Matsushita*, ECF No. 285. However, the scope was confined narrowly to the subjects disclosed in the IDS: the attorney inquiry's regarding the prior art reference and knowledge of the reference. *Id.*

But not every submission to the PTO triggers waiver. Applicants filing reissue applications must submit an oath to the PTO stating that the original patent is "wholly or partly inoperative or invalid" and identifying

“at least one error . . . being relied upon as the basis for reissue.” 37 C.F.R. 1.175. Courts have found such a statement of error not to waive attorney-client privilege. E.g., *Chore-Time Equip., Inc. v. Big Dutchman, Inc.*, 258 F. Supp. 233 (W.D. Mich. 1966); *Monsanto Co. v. E.I. Dupont De Nemours & Co.*, No. 4:09CV00686 ERW, 2011 BL 124001 (E.D. Mo. May 10, 2011); but cf. *Bd. of Trs. of the Leland Stanford Junior Univ. v. Roche Molecular Sys.*, 237 F.R.D. 618 (N.D. Cal 2006) (finding waiver due to inventors’ declarations to the PTO submitted to correct inventorship during prosecution).

In *Monsanto*, the patentee filed for reissue on the basis that the reissue patent’s predecessor erroneously included claims directed toward DNA sequences that “grouped together subject matter first disclosed in different parent applications and, therefore, having different effective filing dates.” 2011 BL 124001, at \*1. This statement alone did not waive attorney-client privilege, but during deposition, when Monsanto’s in-house counsel articulated the specific concern that the mixed subject matter claims were technically anticipated by a Monsanto Patent Cooperation Treaty (PCT) publication, this opened the door to waiver on the subjects of how the PCT publication affected the claims of the predecessor patent and the circumstances of the reissue application. *Id.* at \*1-2. The lesson is that even when attorney statements to the PTO aren’t enough to waive privilege on their own (such as those in *OptumInsight*), offering any further specifics can open the door.

## Work Product

In *OptumInsight*, work product protection was also at stake. Waiver of work product protection is typically more limited and extends only to “factual” work; opinion work product (such as the attorney’s mental impressions) is afforded “near absolute immunity” that can only be waived upon an even higher showing. *In re Seagate Tech., LLC*, 497 F.3d 1360, 1375 (Fed. Cir. 2007) (en banc), *abrogated on other grounds by Halo Elecs., Inc. v. Pulse Elecs., Inc.*, 136 S. Ct. 1923 (2016).

Proceedings before the PTO such as IPRs, interferences, and reexaminations resemble litigation and can provide a basis for work product protection. *OptumInsight I*, 2016 BL 355510, at \*13 (listing cases). Patent prosecution generally does not merit work product

protection, but showing that the prosecution work is in fact done with an “eye toward litigation” can establish the protection. *Hercules, Inc. v. Exxon Corp.*, 434 F. Supp. 136, 152-53 (D. Del. 1977). Interestingly, in *OptumInsight*, Judge Spero found that that work product applied to both the reexamination and prosecution. Subsequently disclosing the investigation and legal conclusions in the attorney affidavit waived the protection, but opinion work product was still exempt from waiver. *OptumInsight I*, 2016 BL 355510, at \*13-14.

While the parties in *OptumInsight* focused their dispute on the scope of waiver, less focus was placed on the threshold issue of applicability. A look at other decisions shows that when attorneys prepare materials for other proceedings before the PTO—even when there is concurrent and/or closely related litigation—work product protection is not always available.

In *Oak Industries*, reexamination and litigation were concurrent and involved common invalidity disputes. *Oak Indus. v. Zenith Elecs.*, 687 F. Supp. 369 (N.D. Ill 1988). The court found that materials for the reexamination proceedings deserved work product protection, but materials for the prosecution of the patent-in-suit did not. *Id.* at 374-75. It also followed that questioning the patent prosecution counsel on his thoughts and impressions regarding the application was fair game. *Id.*

In *Ethanol Byproducts*, the prosecution of several patents-in-suit was taking place concurrently to litigation over other different but related patents. *In re Method of Processing Ethanol Byproducts & Related Subsystems ’858 Patent Litig.*, No. 1:10-ml-02181-LJM-DML, 2014 BL 392891 (S.D. Ind. June 30, 2014). The court went further than the *OptumInsight* court and permitted discovery on the prosecution counsel’s mental impressions. It supported its decision on the twin findings that the patent prosecution work did not merit work product protection and that the attorney’s mental impressions regarding prosecution were substantive evidence critical to claims of inequitable conduct. *Id.* at \*10-11 & n.10 (citing *Seagate*, 497 F.3d at 1375).

## Conclusion

*OptumInsight*, and other decisions mentioned above, serve as reminders to prosecution and litigation attorneys to avoid submissions to the PTO that can trigger privilege and work product waiver.