

**Special Issue: Six Years of the CAFC**

**THE FEDERAL CIRCUIT'S VIEWS ON ATTORNEY  
CLIENT PRIVILEGE, WORK PRODUCT AND RELATED  
ITEMS**

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The Federal Circuit has said very little in the areas of attorney client privilege and work product immunity, but the little it has said was disquieting to those who favor an expansive interpretation of those doctrines. The Court has clearly not been an activist in these areas and, on one occasion, has even shown open antagonism to the privilege.

With the paucity of decisions to date, interpretation is more crystalball gazing than retrospection. The few decisions we have available to work with may be atypical, or the Court may refine its thinking with opportunities for further analysis. With those caveats, we shall examine what the Court has done so far and where it is likely to go in areas not yet considered.

**Attorney Communications -- The American Standard Decision**

Clearly, the greatest furor was created by the American Standard decision. [n.1] There, the Court, faced with determining whether production of an attorney's patent invalidity opinion created a waiver, affirmed, by a 2 to 1 vote, the trial court's decision that no waiver occurred because \*234 the produced opinion never had been privileged. 828 F.2d at 744-46. [n.2]

The decision evoked a vigorous dissent from Judge Newman, and concomitant concern among the bar, [n.3] that the majority had regressed to the strict United Shoe [n.4] tests, under which privilege was not accorded for opinions based on publicly available information, a rule that was especially inimical to a patentlawyer's invalidity opinion, necessarily based on public prior art.

Those criticisms are only partly justified. The District Court reached the right result for the wrong reason; the Federal Circuit correctly affirmed for the right reason, but included one unfortunate, unclear paragraph that confuses the explanation.

The opinion around which the controversy centered addressed the validity of a particular patent over certain prior art. The written document identified neither its author nor its addressee. It made no reference to the client for whom it was prepared and disclosed no confidence of that client. [n.5] The District Court found privilege lacking because:

The opinion letter relies on non-confidential information gleaned from public records or documents.

That was a wrong reason. As the court very clearly explained in *Ampicillin*, [n.6] the appropriate test is not whether the opinion relies on information that is publicly available, but rather whether it reveals a confidential communication from the client.

Because the purpose of the attorney-client privilege is to promote a free and open discussion between the client and the attorney, the privilege should protect only the client's communications to the attorney (and so much of the attorney's communications to the client that might tend to reveal a client communication) and not facts or other information contained in the communication. Therefore, in order the privilege to apply the client's communications must be made with the intention of confidentiality and the attorney's communications must be ones that were considered confidential by the client and would indirectly or directly reveal a confidential client communication. It is not necessary that the information be confidential. Under this standard, \*235 information the attorney learned from a client would be privileged if it was learned in a confidential client communication. Similarly, the attorney may be questioned about information obtained from public documents or other public sources because it was learned outside of the confidential attorneyclient relationship (not because there is a requirement that the information be confidential).

That rule defines the purpose of the privilege as unfettered communication from the client to the lawyer. Therefore, that is what the privilege protects. Under that view, communications from the lawyer are insulated only to the extent that they would reveal the client's confidences. [n.7]

The majority in *American Standard* understood and applied that rationale. 828 F.2d at 745 (emphasis added):

Because the record is devoid of any indication that the validity opinion reveals the substance of a confidential communication by [the client], we cannot view as clearly erroneous the district court's finding that the opinion was not privileged.

That explanation was sufficient to sustain the holding, but the Court confused the clear issue by adding a gratuitous embellishment (828 F.2d at 746):

Moreover, it is not necessary to read the district court's opinion and its citation in the "sky-is-falling" manner employed by *American Standard*. The district court said the opinion letter was not a privileged communication because it relied on nonconfidential information and stated the source of that information. Contrary to *American Standard's* assertion, it did not say the opinion letter was not privileged merely because it relied on publicly available information. It clearly said the letter relied on nonconfidential information gleaned from public records. *American Standard* simply ignores the finding

of nonconfidentiality and focuses alone on its source. Indeed, a mere reading of the above-described opinion "letter" demonstrates its nonconfidential nature.

That is the paragraph principally attacked in the dissent and the bar commentary. By referring to the confidentiality of the information studied, rather than the confidential communication of information, that paragraph read by itself, suggests the Court was endorsing the district court's faulty reasoning. In fairness, however, it should not be read by itself. Both before and after that paragraph, the majority made clear its decision was based on the absence of a confidential communication from the client.

\*236 Perhaps the greatest shock to readers of *American Standard* was the proposition that an attorney's opinion, per se, is not privileged. Yet, that is a well-established (and perhaps predominant) view. The dissent said (828 F.2d at 748):

The prevailing view, until today, was that patent validity opinions based on prior art were legal opinions, subject to the attorney-client privilege as any legal opinion. That privilege could be claimed or waived by the client, as for any legal opinion.

The contention that a validity opinion based on prior art stands on the same footing as any other legal opinion is irrefutably true; the implicit suggestion that all legal opinions are universally accepted as privileged is not. *supra*, n. 7.

There is a line of authority that, contra to *Ampicillin*, would accord blanket privilege to the attorney's opinion, irrespective of its revelation of the client's confidential communication. In *Natta v. Hogan*, [n.8] the court espoused that view:

The recognition that privilege extends to statements of a lawyer to a client is necessary to prevent the use of the lawyer's statement as admissions of the client.

As its authorities, the Tenth Circuit cited *Wigmore* [n.9] and *In 1 Pet Products*, [n.10] although the latter does not clearly support that proposition.

Another decision that took the more liberal view was *LTV Securities*. [n.11] After discussing prior, narrow decisions, the Court reasoned:

These courts have noted that advice given by a lawyer to his client is privileged only if the advice is based on, or would reveal, confidential information furnished by the client. Whatever the conceptual purity of this "rule," it fails to deal with the reality that lifting the cover from the advice will seldom leave covered the client's communication to his lawyer. Nor does it recognize the independent fact gathering role of the attorney. Finally, enforcement of the rule would be imprecise at best, leading to uncertainty as to when the privilege will apply. Yet, the predictability of confidence is central to the role of the attorney. Adoption of such a niggardly rule has little to justify it and carries too great a price tag. A broader rule prevails in the federal courts; a rule that protects from forced disclosure any communication from an attorney to his client when made in the course of giving legal advice.

See also the dictum in *U.S. v. Amerada Hess Corp.*, 619 F.2d 980, 986 (3rd Cir. 1980).

\*237 With a split in decisions, why did the Federal Circuit opt for the one limiting privilege? Simply, the court felt bound by its decision in *Truswal*, [n.12] to follow the precedents applied by courts in the originating circuit (here, the Seventh Circuit) in determining whether to order discovery, and those courts have eschewed the broader view. A clear choice was made in the *Ohio-Sealy* decision [n.13] cited by the Federal Circuit:

One line of cases holds that once the attorney-client privilege is established, virtually all communications from an attorney to a client, even if unsolicited, are subject to the privilege. [citing authority].

These cases appear to be premised in part on the assumption that any statement by a lawyer is likely to reveal, at least indirectly, a confidential communication by a client.

Other courts, however, have extended the privilege to statements from an attorney to his client only if convinced that the statements in fact do reveal, directly or indirectly, the substance of a confidential communication by the client. [citing authority]. These cases suggest that even legal opinions rendered by an attorney are not privileged per se, but rather are protected only to the extent they are based upon, and thus reveal, confidential information furnished by the client. [citing authority]

Although the question has not been addressed by the Seventh Circuit, it seems that the latter approach best comports with the general principles governing attorney-client privilege as enunciated in this Circuit.

Had it been more activist, the Federal Circuit might have decided that the issue of privilege for patent validity opinions was sufficiently patentunique to require a uniform rule rather than simply following the general precepts of the originating circuit. Absent that, however, and irrespective of the attractiveness of the practical LTV Securities rationale, the Court was obliged to follow whatever rule it could glean from the decisions in the Seventh Circuit, and *Ohio-Sealy* was sufficiently definite to establish the requisite precedent.

The result, therefore, was not a change in the law or regression to the dark ages, but simply the straightforward application of established circuit precedent to an opinion document that clearly divulged no client \*238 confidence, with a thoroughly predictable outcome. Or, as the majority said, the sky is not falling. [n.14]

Other opinions and cases from other circuits may produce other results. Unfortunately, since discovery orders are ordinarily not final, and therefore not appealable, rulings on privilege rarely reach the appellate level. We may have to wait quite a while for another case involving discovery sought outside the trial forum, facts so clearcut as to justify mandamus, or a respondent brave enough to risk contempt to get appellate review.

#### Inferences Drawn From Assertion of the Privilege -- The *Kloster Speedsteel* Case

*Kloster Speedsteel* [n.15] was a declaratory judgment action in which aggressiveness backfired twice on the plaintiff-accused infringer. Having taken the fight to the patentee by initiating the litigation, *Kloster* found itself on the short end of an infringement

judgment. When Kloster then appealed that judgment to the Court of Appeals, its infringement was held willful, as well.

There are many interesting points in Kloster that deserve analysis but, for purposes of this discussion, what is relevant is that the Court drew an unfavorable inference merely from the fact Kloster asserted its attorney-client privilege.

The facts were that Kloster's predecessor in interest was fully aware of the patent in suit, understood it would be sued if it launched the accused product, and elected to assume the risk. In the litigation, it did not assert that it relied on, or even obtained, legal advice from an attorney.

The Court of Appeals took umbrage (793 F.2d at 1580):

Stora has not even asserted that it sought advice of counsel when notified of the allowed claims and Crucible's warning, or at any time before it began \*239 this litigation. Stora's silence on the subject, in alleged reliance on the attorney-client privilege, would warrant the conclusion that it either obtained no advice of counsel or did so and was advised that its importation and sale of the accused products would be an infringement of valid U. S. patents.

Even though the Court held, in earlier decisions, that a person who knows of a relevant patent has an affirmative duty to seek legal advice, [n.16] it puts an accused infringer under a severe burden if the Court will infer he received no opinion or, worse, an unfavorable one, merely from his assertion of the attorney-client privilege. A party may well have reasons other than a negative conclusion for refusing to waive privilege. But, if the Court draws the worst possible inference from the exercise of that right, the privilege becomes meaningless.

Kloster has not been cited subsequently for that proposition, nor has that reasoning been used in any later case. To the contrary, the RiteHite case [n.17] pushed the pendulum back toward center. There, the adjudicated infringer had patterned its product on the patentee's product and, to show good faith, tried to rely on one attorney opinion while withholding others. The trial court refused to allow selective assertion of the privilege and excluded all evidence of any attorney's opinion. One could argue that holding back some of the opinions received supported a negative inference even more strongly than the blanket assertion of privilege in Kloster. However, the Court gently nudged aside its prior precedent. 819 F.2d at 1125:

The weight that may fairly be placed on the presence or absence of an exculpatory opinion of counsel has varied with the circumstances of each case, and has not been amenable to development of a rigorous rule. Although in appropriate circumstances this court has upheld the drawing of adverse inferences on the question of willfulness, Kloster Speedsteel AB, 793 F.2d at 1580, 230 U.S.P.Q. at 91, we have observed that "[t]here is no per se rule that an opinion letter from patent counsel will necessarily preclude a finding of willful infringement, ... nor is there a per se rule that the lack of such a letter necessarily requires a finding of willfulness." *Machinery Corp. of America v. Gullfiber AB*, 774 F.2d 467, 472, 227 U.S.P.Q. 368, 372 (Fed. Cir. 1985).

Therefore, Kloster seems to have been an extreme reaction to what the Court deemed an extreme case, and not a blanket limitation on an accused infringer's freedom to assert attorney-client privilege.

#### \*240 Attorney Disqualification

Closely allied with the subject of attorney-client privilege is the issue of attorney disqualification. Motions to disqualify opposing counsel enjoyed popularity for a time as a tactic in litigation, and the Federal Circuit was drawn into those disputes.

Panduit [n.18] was the first disqualification decision rendered by the Federal Circuit. It involved an attorney who had once been a member of a firm that represented the patentee in matters substantively related to those of the current suit, thereafter took other employment and then, in a second move, joined the firm representing the accused infringer, long after that firm was involved in the litigation.

It was undisputed that the attorney had never worked on the related matters in the first firm. There was a dispute over whether he may have been exposed to those matters in lunchtime discussions with other members of the first firm. There was, however, no direct evidence from anyone of any communication of specific knowledge, only the surmise that it was likely such discussions took place. After some initial involvement in the pending litigation, on behalf of the second firm, he was isolated and screened from it.

The trial court found the attorney had no recollection of any confidences of the patentee and had not communicated any to the second firm. Nevertheless, since it could not definitively conclude he had never received confidential information, it disqualified both the attorney and his new firm. The Federal Circuit reversed in part and vacated in part.

The court, per curiam, closely analyzed Seventh Circuit precedent, [n.19] finding it favored allowing a party to retain counsel of his choosing unless a specifically identifiable impropriety was established. Here, the disqualified firm had been chosen by the defendant long before the arrival of the particular attorney and had more than eight years involvement in the litigation.

The decision turned on the correct application of two presumptions -- the presumption that the attorney was exposed to the client's confidences during his tenure at the first firm, and the presumption that any knowledge he had was shared by the second firm. The court found crucial that knowledge of the confidential information was only imputed, not actual. It found the trial court had gone too far in imputing to the second firm knowledge that the attorney had only vicariously. It held \*241 the double-level presumption need not be rebutted to an absolute certainty, and that it had been rebutted by the evidence the attorney carried no such knowledge.

With respect to the attorney, the court found consideration should have been given to whether he had rebutted the first level of presumption. However, since the current client was willing to screen him from the case, the only thing needed was an order formalizing the isolation procedures.

A contrasting case was *EZ Paint*, [n.20] which also involved attorneys' changing firms. The first firm served as local counsel to the patentee. Two of its partners left that firm, during the litigation, and joined the firm representing the accused infringer. The trial court disqualified both the migrating attorneys and their second firm, and the Federal Circuit affirmed.

*EZ Paint* applied Eighth Circuit law rather than Seventh Circuit, but the differences between it and *Panduit* were factual, not precedential. In *EZ Paint*, the first firm was a small one in which virtually all information was shared, and there was testimony that a partner involved in the litigation had discussed specific aspects of the case with the departed partners. The affected lawyers did not squarely refute that direct evidence, but merely said they could not recall such discussions. Thus, unlike *Panduit*, the presumption of possession of client confidences was not rebutted.

The second firm sought to salvage its own participation in the case by offering to build a "chinese wall" around the two lawyers. The court found that effort came too late. Since the lawyers arrived already presumptively burdened with the prior client's confidences, the risk of improper disclosure could not be expunged by subsequent measures. The Federal Circuit also approved the trial court's order that all work product of the second firm generated after those lawyers arrived could not be transferred to any new firm representing the defendant. [n.21]

The next decision, *W. L. Gore*, [n.22] also paralleled *Panduit* and *EZ Paint*. Again, the trial court disqualified both the attorneys who changed firms and their second firm and the Federal Circuit affirmed.

\*242 Two lawyers, Reed and Goldstein, were employed in 1974 by a firm that represented the patentee, Gore, in a prior litigation against the same defendant, IMPRA. Goldstein admittedly was actively involved in that litigation, Reed was not.

Ten years later, Gore again sued IMPRA on related subject matter. By this time, Reed and Goldstein had formed their own firm, and IMPRA retained them as part of the defense team, with Reed as lead counsel.

IMPRA argued that (i) Goldstein had been isolated from the case even before the first client contact with IMPRA and (ii) Reed rebutted the presumption of imputed client confidences in an affidavit asserting he had never performed any services in the 1974 litigation, never saw any of its related files or documents, and had no present recollection of it.

The Federal Circuit ignored the first point because it found that as to Reed, the presumption that he had received confidential information was not clearly overcome. Its basis for that conclusion was (745 F.2d at 1467):

... Reed was a member of a small group of antitrust litigators, others of whom were actively representing Gore. Inadvertent disclosure to him of Gore confidences cannot be ruled out, despite the fact that he never actually worked on Gore matters or looked at files. His absence of present recollection does not rebut the presumption of shared confidences.

As a matter of fact, that characterization is difficult to harmonize with the opposite result reached in Panduit. The real distinction, however, was that in Panduit, the affected attorney was eventually screened from the later litigation, whereas here Reed intended to continue as lead counsel. Moreover, the Court found IMPRA would not suffer too much since it had retained other counsel and Reed did not have extensive time invested in the case.

It should be apparent that, in this area of the court's decisions, fine distinctions of fact give dramatically different results. That is especially true of a pair of decisions, Sun Studs [n.23] and Telectronics. [n.24]

Sun Studs presented disqualification issues of the "you're one, too" variety-both parties moved to disqualify their respective opposing counsel, Sun Stud's counsel, Chernoff, and ATA's counsel, Kolisch. The background facts were complex.

There were three patents in suit. The first (the '068 Patent) was prepared by Kolisch for an individual, Mason. Sun Studs found out about that application and claimed title to it under a pre-existing agreement. The application was then assigned to Sun Studs and prosecuted by its patent counsel, Chernoff.

\*243 The second patent (the '065 Patent) was also an invention made by Mason in work done for Sun Studs. It was prepared and prosecuted by Kolisch and ultimately assigned, but years after the grant, to Sun Studs.

The third patent (the '579 Patent) resulted from an invention made by Hunter, President of ATA, in work he did as a consultant for Sun Studs. The application was prepared and prosecuted by Chernoff under a power of attorney signed by Hunter.

As to Kolisch, the argument for disqualification was that it was improper for him to oppose the validity of the '065 Patent he helped create. As to Chernoff, it was based on the assertion that he had represented Hunter and ATA with respect to the '579 Patent and could not now oppose them under it. The trial court granted disqualification motions.

The Federal Circuit affirmed as to Kolisch and reversed as to Chernoff. It found that Chernoff had always acted as Sun Studs lawyer, and Hunter and ATA knew that. Although Hunter signed the power of attorney to Chernoff, that was a mere formality, and did not create an attorney-client relationship. It was the assignee of the application,

Sun Studs, who had the right to control the litigation and was the client. Moreover, Chernoff's position in the litigation was to sustain the patent, not attack it.

Kolisch argued that, when he prepared, prosecuted and obtained the '065 Patent, his client was Mason, and Mason had no objection to his representation of ATA or his attacking the patent. He represented that his defense of ATA would not involve misusing any client confidences because he would eschew any 35 U.S.C. § 112 defenses and rely only on publicly available prior art.

The Federal Circuit, relying on Sun Studs later-exercised right to compel assignment of the patent, said (772 F.2d at 1567):

While no Oregon precedent can be found on the point, we do not believe any court would hold that it is within the bounds of propriety to permit a law firm to assist a client in obtaining a patent which was equitably owned by another and then to lead the attack against the patent's validity once it is transferred to its rightful owner.

While the Kolisch firm is not taking a position adverse to Mason's present interest, any attack on the patent is totally contrary to its work for Mason as an inventor which at the time inured to Sun Studs' benefit.

Thus, whether it is theorized that Mason and his counsel must be considered to have been acting for Sun Studs or that public perception of the legal system would be damaged, the impropriety is clear.

The Telectronics decision reached the opposite result on facts that differed only narrowly in pertinent respects. Telectronics brought an action seeking a declaration that three patents owned by Medtronic were not infringed, invalid and unenforceable. Medtronic counterclaimed for \*244 infringement of those three patents plus a fourth (the '242 Patent). Telectronics responded by amending its complaint to allege non-infringement, invalidity and unenforceability of the '242 patent, as well.

The presence of that fourth patent generated the disqualification motion. Originally, the '242 patent had been owned by American Optical Corp. ("AO"). Two of Telectronics present counsel had been involved in the prosecution of that patent, as inside and outside counsel for Ao. Through two independent, complex series of transfers, Telectronics acquired a license under the '242 patent and Medtronic acquired title to it.

The trial court denied the disqualification motion but certified it for appeal under 28 U.S.C. § 1292(c)(1). The Federal Circuit accepted the appeal and affirmed.

The first context in which the Court examined the facts was Canon 4 of the ABA Code of Professional Responsibility. That canon requires removal of an attorney at the request of a former client if the attorney had access to relevant privileged information during the prior representation. The court found that Medtronic had never been a client of the attorneys in question, nor did Medtronic acquire client status through the assignment of the '242 patent. [n.25]

Nor, said the court, was the inventor of the '242 patent (who had since become an employee of Medtronic) a former "client." He was simply AO's employee, and any confidences he shared with the attorney were AO's. [n.26] Since no former client objected to the representation, Canon 4 did not apply.

Next, the Court examined Canon 5, which says a lawyer should not handle a trial if it is obvious he ought to be called as a witness on behalf of his client. One of the attorneys was indicated as a witness on prior art not considered during the prosecution.

The Court adopted the Second Circuit rule that "ought to be called" should be narrowly construed to mean a person "who has crucial information in his possession which must be divulged." 836 F.2d at 1337. Finding that the focus was on the new art, there was no issue of improper conduct in the procurement of the patent, and infringement would be based on the written prosecution record, the Court agreed the attorney was not one who "ought to be called as a witness" and therefore was not disabled.

\*245 Next, Medtronic tried Canon 7, arguing that the attorneys had, to avoid disqualification, intentionally omitted attacks on the patent they should have raised in a vigorous defense on behalf of Teletronics. The Court found this fell within the proper exercise of professional judgment. [n.27]

Finally, Medtronic argued a violation of Canon 9. Relying on *Sun Studs*, it argued that, when an attorney who helped obtain the patent leads the attack on its validity, that creates an "appearance of impropriety."

Despite having used similar words to justify disqualifying attorney Kolisch in *Sun Studs*, the Court was unconvinced by them here. It declined to apply "the vague standard of an 'appearance of impropriety'" and found there was no actual impropriety because "attorneys represent clients -- not legal positions or patents" and counsel would not, in fact, be "impeaching their own work product," since the invalidity attacks would be based entirely on obviousness over art not known while the application was pending and, therefore, would not call into question the propriety of the prosecution or require any change in a position previously taken. 836 F.2d at 1338.

The distinction endorsed in *Teletronics* that it becomes proper for an attorney to attack a patent he created if he promises to confine his arguments to newly-discovered art (because that technically avoids taking inconsistent positions) is neither attractive from the standpoint of legal ethics or workable in practice. The public perception of an attorney dismantling for one client what he built for another is important. An attorney who is against the patent should be free to make any legitimate attack the interests of his client dictate, and positions adopted when a lawsuit is commenced may well require revision as it develops. Moreover, meticulously to sort the myriad of issues that arise in litigation into those that do and do not involve his prior confidences, is not a practical arrangement. Finally, any attack based on "new" art not be divorced from positions previously taken because they will carry the implied premise: "Had I known about this

during prosecution ... " and create a strong temptation to bias those facts to favor the second client.

Will the Work-Product Rule Apply to Protested Reissues and Reexaminations?

If the Federal Circuit continues to treat the precedents of the originating \*246 Circuit as determinative in deciding privilege and work-product disputes (as it did in *American Standard*, supra), the likelihood of a dramatic new turn in the law is small, and there is a substantial risk that the results will not be consistent. [n.28]

In one respect, however, we can do some worthwhile crystal ballgazing. We have found no prior decision on whether protested reissues or reexaminations qualify as "litigations" for purposes of work-product immunity. Moreover, it is a subject the Court may deem sufficiently unique to patents to require a uniform rule.

In analyzing this issue, we should distinguish carefully between attorney-client privilege and work-product immunity. Attorney-client privilege is, as discussed above, keyed to confidential communications made by a client to an attorney, for the purpose of obtaining legal advice or a legal opinion. Work-product immunity exists for material prepared for, or in anticipation of, litigation by an attorney, the client or the agent of either. *United States v. Nobles*, 422 U.S. 225 (1975) *Hickman v. Taylor*, 329 U.S. 495 (1947). It is in some senses narrower, and in others broader, than attorney-client privilege.

Work-product is broader than attorney-client privilege in that it requires no communication from the client. Information collected, organized or analyzed by the attorney, from whatever source (such as the opinion held unprivileged in *American Standard*) qualifies.

It is narrower in at least two respects. Only information prepared with an eye toward litigation is protected, and the privilege is a qualified one; an adversary who demonstrates sufficient need for the information and an inability to obtain its substantial equivalent elsewhere may get access to all but the attorney's "mental impressions." Fed. R. Civ. P. 26(3).

In determining whether work-product applies to protested reissues or reexaminations, the essential question is whether they qualify as a "litigation." For guidance, we can look to decisions on work-product involving other kinds of Patent & Trademark Office proceedings.

It has been held that patent prosecution lacks the adversarial nature to be a "litigation," and work-product claims therefore cannot be sustained for materials generated for patent solicitation. *Hercules, Inc. v. Exxon Corp.*, 434 F. Supp. 136 (D. Del. 1977).

\*247 Patent interferences, however, do generate work-product. *Natta v. Zletz*, 418 F.2d 633, 637 (7th Cir. 1969); *Natta v. E. I. du Pont de Nemours & Co.*, 410 F.2d 187, (3rd Cir. 1969) cert. denied 396 U.S. 836 (1969); *Natta v. Hogan*, 392 F.2d 686 (10th Cir. 1968). Although those decisions do not explain in detail why that is so, interferences do involve cross-examination, discovery, full adversarial briefing and argument, all of which are hallmarks of a litigation.

Surprisingly, there is little general authority in the federal courts defining the term "litigation" in the context of work-product immunity. The most definitive statement appears in the guidelines promulgated by the special masters in the AT&T antitrust litigation: [n.29]

"Litigation" includes a proceeding in a court or administrative tribunal in which the parties have the right to cross-examine witnesses or to subject an opposing party's presentation of proof to equivalent disputation.

Accepting that definition, reexamination and protested reissues do not measure up. The limited participation afforded protesters and adverse requesters falls far short of cross-examination or equivalent disputation. A number of decisions have commented on the lack of the traditional adversarial opportunities in reissues and reexaminations.

An early decision, *Fisher Controls*, [n.30] granted a stay of an infringement litigation until a pending protested reissue was determined. The court recognized, however, that "Plaintiff's participation in the PTO reissue proceeding is less than that of a party in adversary litigation," and it refused to allow discovery for use in the protest.

In the PIC case, [n.31] the court was asked to give res judicata or, at least, issue-preclusive, effect to a PTO Board of Appeals decision in which the reissue patentee-plaintiff prevailed over a belated protest by the accused infringer-defendant. As in *Fisher Controls*, the court had earlier granted a stay of the litigation pending resolution of the interference. [n.32]

The court enumerated the opportunities for participation by a protestor, including filing written papers, "monitoring" the proceedings by receiving copies of papers, and limited participation in Examiner interviews and appeals (only with specific approval, and in special circumstances). \*248 It noted, however, that the Patent & Trademark Office had declined to declare protested reissues "contested cases." [n.33]

The court discussed reissue procedures in considerable detail. 485 F. Supp. at 1305 et seq. It concluded that the principal issue for both res judicata and collateral estoppel was whether the parties, especially the defendant-protestor, had an adequate opportunity, procedurally, substantively and evidentially, to litigate their claims in the administrative proceedings. 485 F. Supp. at 1308-09. From that viewpoint, the court found "glaring deficiencies" in the opportunities afforded the protestor, notably the inability to present and cross-examine witnesses, limited access to the Examiner who decides the case, no opportunity for discovery, no right of appeal in his own right, and no guarantee of a role in the applicant's appeal and concluded (485 F. Supp. at 1311):

The lack of an opportunity to examine and cross-examine witnesses and to engage in discovery, and the differences between the applicant and the protestor with regard to the right to request oral argument before the Board of Appeals, the right to meet and discuss the application with the Examiner and the right to appeal adverse decisions precluded Prescon from having an "adequate opportunity to litigate" its claim.

Decisions subsequent to PIC have also commented on the lack of adversarial confrontation in reissue proceedings. *Undisco, Inc. v. Schattner*, 210 U.S.P.Q. 622 (D. Md. 1981) (motion for stay pending reissue denied, citing restrictions on protestor participation); *Rohm & Haas Co. v. Mobil Oil Corp.*, 525 F. Supp. 1298 (D. Del. 1981) (motion for preliminary injunction denied; victory in a protested reissue does not suffice as a "prior adjudication," and cannot be given substantial weight because protestor cannot introduce testimony, cross-examine or appeal).

Reexamination procedures provide opportunities to an adverse participation that are even more limited than those available in a protested reissue, 35 U.S.C. § § 301 et seq; 37 C.F.R. § § 501 et seq. In the *Dresser Industries* case, [n.34] the court required the patentee to seek reissue rather than pursue its pending reexamination for precisely that reason.

There may be isolated exceptions where a litigation is essentially shifted into the PTO as a contested reissue, along with a full panoply of discovery and confrontation devices. In those cases, the work-product rule should be as available in the reissue as it was in the litigation. However, aside from such rare occurrences (which will be even rarer after repeal of the "Dann Amendments") it seems clear, that neither \*249 protested reissues nor reexaminations meet the classical test of "litigation" to form the basis for work-product immunity. While papers generated in connection with such proceedings may appropriately qualify for attorney-client privilege, they should not, absent a PPG context, [n.35] be subject to a work-product claim.

APPENDIX (see Footnote 5)

## OPINION

### Facts

Hahn U.S. Patent 3,605,123 claims a hip prosthesis made of solid metal with a porous coating of the same metal on the portion of the implant in contact with bone tissue. The bone tissue grows into the porous coating to fix the implant relative to the bone.

The prior art to be considered is: (1) Davila, "The Development of Artificial Heart Valves," Special Technical Publication No. 386, American Society for Testing and Materials (1965); (2) Wright U.S. Patent 448, 745 (1891); and (3) Smith, "Ceramic-Plastic Material as a Bone Substitute," *Archives of Surgery*, 87, 653-661 (1963) and U.S. Patent 3,314,420.

## Conclusion

Hahn U.S. Patent 3,605,123 is invalid under 35 U.S.C. § 103 as obvious from Davila, alone or in combination with Wright and Smith.

## Analysis

It was well known prior to Hahn that making an implant of a porous material, or adding a porous surface to the implant, would foster the growth of bone and other tissues into the pores.

Spongy implants are disclosed in a number of publications. Bone ingrowth into polyvinyl sponge is described by Struthers et al, *Plastic and Reconstructive Surgery*, 15, 274 (1955); in a bone substitute, by Gilmer et al, *Surgery, Gynecology, and Obstetrics*, 113, 143 (1961); and in Teflon sponge, by Friedenbergl et al, *Surgery, Gynecology, and Obstetrics*, May 1963, 588-592.

Jardon U.S. Patent 2,688,139 (September 7, 1954) discloses an artificial eye which is porous throughout to foster tissue growth into the pores of the prosthesis.

\*250 Smith, "Ceramic-Plastic Material as a Bone Substitute," *Archives of Surgery*, 87, 653-661 (1963), and U.S. Patent 3,314,420 (April 18, 1967), filled a porous ceramic prosthesis with an epoxy resin, then washed the prosthesis with methylene chloride to leach away the superficial resin to a depth of 50 to 70 mils, leaving a porous surface into which fibrous tissue and bone were said to grow. According to Smith:

"strength [of ceramic] should be adequate as a substitute for bone if it is used in sufficient mass and properly engineered. It is hoped that this material will be re-inforced by the growth of soft tissue and bone into the surfaces [of the prosthesis] which have been leached of epoxy."

Thus, Smith appreciated the problem of mechanical weakness in an allceramic implant, a problem of major importance in a load-bearing implant such as a hip prosthesis.

The need for strength led naturally and inevitably to metallic-core prostheses of various types. Hirschhorn and Reynolds, in a paper presented orally in October 1968 at a symposium of the Metallurgical Section of the AIME, substituted powdered Vitallium, a cobalt alloy used by Hahn, for the ceramic of Smith, and acknowledged the weakness problem associated with the use of porous materials. Hulbert et al, in a paper presented at the same symposium, described a solid metal implant coated with a porous ceramic material to facilitate tissue ingrowth. While it is deemed unlikely that either of these papers is early enough to serve as a reference against Hahn, they show the direction of the art as suggested by the following two references, which are available.

As early as 1891, Wright disclosed, in U.S. Patent 448,745, an artificial tooth made of solid gold or platinum with a surface coating of porous, unglazed porcelain. Wright explicitly taught that the metallic core was used to give strength to the prosthesis, and the porous surface to allow

"the adjacent natural tissues [to] flow into and through the artificial reticulum which the root of that tooth constitutes, and that encyusting process continues until the root is firmly and permanently implanted in its proper place in the mouth."

Davila, in the paper referred to above, describes a heart valve prosthesis having a surface of the cobalt alloy Vitallium covered by a thin, porous layer of the same alloy applied by metal spraying (a technique referred to as "shupping" by General Electric). When the valve is placed in the heart, a "delicate film of healthy scar tissue, covered by normal endothelium, forms to cover the entire metal cage, without causing propagation of clot and without impairing the motion of the ball."

Thus, by the time of Hahn, the concept of a metal-core prosthesis with a spray-coated outer layer of the same metal to allow tissue ingrowth \*251 was old and well known. The Hahn device was therefore obvious and unpatentable under 35 U.S.C. § 103.

One question remains: whether Wright and Davila represent analogous art, properly applicable to Hahn. Two publications and a symposium contemporaneous with Hahn clearly show that they are:

Klawitter ("A Basic Investigation of Bone Growth into a Porous Ceramic Material," Ph.D. Thesis, Clemson University, 1970), representing the state of the art at the time of the Hahn prosthesis, states that:

"For the most part implant materials, or biomaterials as they are commonly called, are materials which have been previously developed for other purposes and subsequently applied to the fabrication of prosthetic devices. Since orthopedics deals primarily with the structural system of the body, a main materials prerequisite is strength. With rare exception, this prerequisite has been met by constructing internal orthopedic prostheses of metallic materials. They are the only materials available which possess sufficient strength, ductility, and formability at reasonable cost.

Klawitter recognized the problem of producing tissue adherence with metallic prostheses; but having apparently missed the artrelating to porous- surfaced metals, his proposal for a solution was a porous ceramic implant, already old to Smith and others. Nevertheless, Klawitter is evidence that it was common practice at the time of Hahn to adopt materials developed for other purposes, and an obvious place to look would be at materials used for other prosthetic purposes.

"Biomaterials," Ed. by Stark and Agarwal (New York: Plenum Publishing Corp., 1969), reports the proceedings of a symposium in 1968, giving applications of biomaterials "in dentistry and surgery and the development of biomaterials to function as membranes, bone tissue, blood, kidneys, heart valves, and corneas."

Reynolds ("Powder Metallurgy Fabrication of Cobalt-Base Alloy Surgical Implants," M.S. Thesis, University of Wisconsin, 1968) is further evidence, as of the time of the Hahn prosthesis, of the breadth of use of (and corresponding scope of search for) suitable prosthetic materials. He cites the use of Vitallium, a cobalt-base alloy, in dentistry; of Haynes Stellite alloy No. 21 for artificial valves for the human heart; and of sintered prostheses made by powdered metallurgy from Haynes alloy No. 25 for use (e.g.) to replace the hip joint. It is important to note that Hahn, in his paper describing his prosthesis, *J. Biomed. Mater. Res.*, 4, 571-577 (1970), made reference to Reynolds, even though he did not call Reynolds to the attention of the Patent Office.

Thus, the teachings of Wright (dentistry) and Davila (heart) are seen as directly pertinent.

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[n.1] *American Standard Inc. v. Pfizer Inc.*, 828 F.2d 734 (Fed. Cir. 1987).

[n.2] Discovery orders are, of course, ordinarily not considered final, therefore not appealable. This matter reached the Court of Appeals because it involved third-party discovery sought in a district other than the one in which the suit was pending. Without such an appeal, the party against whom discovery is sought would be deprived of all appellate review. *Heat & Control, Inc. v. Hester Industries, Inc.*, 785 F.2d 1017 (Fed. Cir. 1986).

[n.3] See Neuner, "Attorney-Client Privilege," *N.Y. Law J.*, April 7, 1988.

[n.4] *United States v. United Shoe Machinery Corp.*, 89 F. Supp. 357, 358- 59 (D. Mass. 1955).

[n.5] A copy of the opinion, available from the public record, is attached as an appendix to this article.

[n.6] *In re Ampicillin*, 81 F.R.D. 377, 389 (D.D.C. 1978).

[n.7] That rule was clearly enunciated and applied, for example, in *Mead Data Central, Inc. v. U.S. Dept. of Air Force*, 566 F.2d 242, 254 (D.C.Cir. 1977); *In re Fischel*, 557 F.2d 209, 211-12 (9th Cir. 1977); *In re Ampicillin Antitrust Litigation*, 81 F.R.D. 377, 388-89 (D.D.C. 1978); *SCM Corp. v. Xerox Corp.*, 70 F.R.D. 508, 520-24 (D.Conn. 1976) appeal dismissed 534 F.2d 1031 (2d Cir. 1976); *U.S. v. International Business Machines Corp.*, 66 F.R.D. 206, 212 (S.D.N.Y. 1974).

[n.8] 392 F.2d 686, 693 (10th Cir. 1968).

[n.9] 8 J. Wigmore, *Evidence Sect.* 2320 at 628 (rev. edn. 1961).

[n.10] 8 *In 1 Pet Products v. Swift & Co.*, 218 F. Supp. 253 (S.D.N.Y. 1963).

[n.11] *In re LTV Securities Litigation*, 89 F.R.D. 595, 602 (N.D. Tex. 1981).

[n.12] *Truswal Systems Corp. v. Hydro-Air Engineering, Inc.*, 813 F.2d 1207, 1209 (Fed. Cir. 1987).

[n.13] *Ohio-Sealy Mattress Mfg. Co. v. Kaplan*, 90 F.R.D. 21, 28 (N.D. Ill.) 1980.

[n.14] Interestingly, the possibility of work-product protection for the disputed opinion was not raised by either party. Since work-product is typically generated by the lawyer rather than the client, that argument may have fared better, assuming the opinion was written with some definite prospect of litigation in mind. *Sylgab Steel & Wire Corp. v. Imoco-Gateway Corp.*, 62 F.R.D. 454, 457 (N.D. Ill. 1974) affirmed 534 F.2d 330 (7th Cir. 1976); *Stix Products, Inc. v. United Merchants & Mfrs., Inc.*, 47 F.R.D. 334, 337 (S.D.N.Y. 1969). However, as the Court noted, this case had the unusual circumstance that the owner of the document was contending it was not entitled to immunity because that was the easiest way to escape waiver.

[n.15] *Kloster Speedsteel AB, v. Crucible Inc.*, 793 F.2d 1565 (Fed. Cir. 1986) cert. denied U.S. , 107 S.Ct. 882 (1987).

[n.16] For example, *Underwater Devices Inc. v. Morrison-Knudsen Co.*, 717 F.2d 1380, 1389-90 (Fed. Cir. 1983).

[n.17] Rite-Hite Corp. v. Kelley Co., Inc., 819 F.2d 1120 (Fed. Cir. 1987).

[n.18] Panduit Corp. v. All States Plastic Mfg. Co., 744 F.2d 1564 (Fed. Cir. 1984).

[n.19] The Court, in deciding disqualification questions, applies general precedents of the regional circuit from which the case came. Panduit, 744 F.2d at 1572-76.

[n.20] EZ Paints Corp. v. Padco, Inc., 746 F.2d 1459 (Fed. Cir. 1984).

[n.21] Note, however, that in Panduit the "chinese wall" was erected, not only well after the attorney arrived, but also after he had done substantive work on the case.

[n.22] W.L. Gore & Associates, Inc. v. International Medical Prosthetics Research Associates, Inc., 745 F.2d 1463 (Fed. Cir. 1984).

[n.23] Sun Studs, Inc. v. Applied Theory Associates, Inc., 772 F.2d 1557 (Fed. Cir. 1985).

[n.24] Teletronics Proprietary Ltd. v. Medtronic, Inc., 836 F.2d 1332 (Fed. Cir. 1988).

[n.25] Unlike Sun Studs, Medtronics had no ownership rights while the application was pending.

[n.26] AO's successor in interest waived its attorney-client privilege.

[n.27] The Court did not mention the incongruity of a patentee's complaining that his adversary should have pleaded additional viable grounds of invalidity and unenforceability against the asserted patent.

[n.28] The Court acknowledged that risk in its seminal decision to apply originating circuit law to procedural issues that were not unique to patents, Panduit Corp. v. All States Plastic Mfg. Co., 744 F.2d 1564, 1575 (Fed. Cir. 1984).

[n.29] United States v. American Telephone & Telegraph Co., 86 F.R.D. 603, 627 (D.D.C. 1980).

[n.30] Fisher Controls Co., Inc. v. Control Components, Inc., 443 F. Supp. 581 (S.D. Iowa 1977), and 203 U.S.P.Q. 1059 (S.D. Iowa 1978).

[n.31] PIC Inc. v. Prescon Corp., 485 F. Supp. 1302 (D. Del. 1980).

[n.32] PIC Inc. v. Preston Corp., 77 F.R.D. 678 (D. Del. 1977).

[n.33] 485 F. Supp. at 1305. That would have brought them under the provisions of 35 U.S.C. § 24 and made the subpoena powers of the district courts available to the parties.

[n.34] Dresser Industries, Inc. v. Ford Motor Co., 530 F. Supp. 303 (N.D. Tex. 1981).

[n.35] See, for example, PPG Industries, Inc. v. Celanese Polymer Specialties Co., Inc., 840 F.2d 1565, 1568 (Fed. Cir. 1988) ("The parties and the district court clearly intended to replace the district court litigation with the reissue proceedings") and its related decisions.