**Rules of Thumb for Foreign Associates**

(Or Thoughts on the Ideal Content of Your Foreign Patent and Trademark Files)

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“A rule of thumb is a principle with broad application that is not intended to be strictly accurate or reliable for every situation.” Wikipedia, the Free Encyclopedia, Rule of Thumb, at https://en.wikipedia.org/wiki/Rule_of_thumb (last visited March 7, 2017).

I. Introduction

Business continues becoming increasingly global. And intellectual property rights are being pursued and enforced the world over. Indeed, a skirmish in one country can erupt into a global battle between competitors. At the heart of all of these global intellectual property activities are the patent and trademark files from many nations, which files underlie the rights granted and the rights asserted throughout the world. Those multinational files often can be littered with communications that may be subject to discovery in the United States. For at least this reason, it often can be helpful to focus upon the possible ramifications of the global estate and the possible impact on local lawsuits filed in the United States of the files relating to that global estate.

II. United States Attorney-Client Privilege and Work Product Doctrine

In the United States, a client’s communications with an attorney are protected from discovery by the attorney-client privilege while work product generated in preparation for, or in furtherance of, litigation is protected from discovery by the work product doctrine. In *Upjohn Co. v. United States*, 449 U.S. 383, 389 (1981), the Supreme Court explained that the primary purpose of the attorney-client privilege is to “encourage full and frank communications between attorneys and their clients, and thereby promote broader public interests in the observance of law and administration of justice.” In theory, clients will not be as helpful when seeking advice from their attorneys if the clients think that the information being provided to their attorneys can be used against them. Importantly, however, a client failing to provide all of the details openly and honestly hinders the attorney’s ability to give the best and fullest advice possible. For at least this reason, the attorney-client privilege is designed to encourage the exchange of information needed to support effective legal representation. The privilege belongs to the client and cannot be waived by the attorney without the client’s consent.

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1 *See Swidler & Berlin v. United States*, 524 U.S. 399, 403 (1998) (attorney-client privilege is “one of the oldest recognized privileges for confidential communications”); *see also Mohawk Indus., Inc. v. Carpenter*, 130 S. Ct. 599, 606 (2009) (attorney-client privilege “encourages clients to make ‘full and frank’ disclosures to their attorneys, who are then better able to provide candid advice and effective representation”).

2 The work product doctrine is codified in Rule 26(b)(3) of the Federal Rules of Civil Procedure; *see also Hickman v. Taylor*, 329 U.S. 495, 511-12 (1947).
The work-product doctrine protects materials prepared in anticipation of litigation from discovery by opposing counsel. As explained by the Supreme Court in *Hickman v. Taylor*, 329 U.S. 495, 511-12 (1947):

Proper preparation of a client’s case demands that [the attorney] assemble information, sift what he considers to be the relevant from the irrelevant facts, prepare his legal theories, and plan his strategy without undue and needless interference. … This work is reflected, of course, in interviews, statements, memoranda, correspondence, briefs, mental impressions, personal beliefs, and countless other tangible and intangible ways -- aptly though roughly termed by the Circuit Court of Appeals in this case as the “work product of the lawyer.” Were such materials open to opposing counsel on mere demand, much of what is now put down in writing would remain unwritten. …

We do not mean to say that all written materials obtained or prepared by an adversary’s counsel with an eye toward litigation are necessarily free from discovery in all cases. Where relevant and nonprivileged facts remain hidden in an attorney’s file, and where production of those facts is essential to the preparation of one’s case, discovery may properly be had. Such written statements and documents might, under certain circumstances, be admissible in evidence, or give clues as to the existence or location of relevant facts. Or they might be useful for purposes of impeachment or corroboration. And production might be justified where the witnesses are no longer available or can be reached only with difficulty. Were production of written statements and documents to be precluded under such circumstances, the liberal ideals of the deposition-discovery portions of the Federal Rules of Civil Procedure would be stripped of much of their meaning. …

For these reasons, the privilege against disclosure provided by the work product doctrine belongs to the attorney.

While the attorney-client privilege is considered to be absolute, work product, by contrast, is qualified and not absolute and may be overcome by need and undue hardship.\(^3\) However, the requisite level of need and hardship depends on whether the sought after work product is factual or is the result of mental processes, such as plans, strategies, tactics, and impressions, whether memorialized in writing or not. Factual work product is subject to

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\(^3\) Fed. R. Civ. P. 26(b)(3)(A)(ii) permits discovery of such information where a party “shows that it has substantial need for the materials to prepare its case and cannot, without undue hardship, obtain their substantial equivalent by other means.” See *Astra Aktiebolag v. Andrx Pharm., Inc.*, 208 F.R.D. 92, 104 (S.D.N.Y. 2002) (factual material that is potentially discoverable must be distinguished from “mental impressions, conclusions, or legal theories of a party’s attorney or other representative”); see also *In re Initial Pub. Offering Sec. Litig.*, 249 F.R.D. 457, 459 (S.D.N.Y. 2008) (noting that “factual material, including the result of a factual investigation,” may fall within work product protection, even if not opinion work product). See *National Congress for Puerto Rican Rights v. City of New York*, 194 F.R.D. 105, 110 (S.D.N.Y. 2000) (“substantial need” exists where information sought is “essential” to the party’s position); see also *Weist v. E.I. DuPonte de Nemours & Co.*, 2010 BL 50931 at *3 (W.D.N.Y. Mar. 9, 2010) (substantial need shown where witnesses “no longer available” or reachable “only with difficulty”); see also *Hendrick v. Avis Rent A Car Sys.*, 916 F. Supp. 256, 261 (W.D.N.Y. 1996) (discovery of defendant’s crash or sled testing denied in automobile products liability action because plaintiff’s counsel did not demonstrate impracticality or expense of conducting his own testing); but see *Cornelius v. Consolidated Rail Corp.*, 169 F.R.D. 250, 253 (N.D.N.Y. 1996) (plaintiff established substantial need for information sought to prove defendant’s knowledge of conditions that led to plaintiff’s injuries and foreseeability, and undue hardship because it would be virtually impossible to collect information on his own when thousands of similar claims were involved).
discovery solely upon a showing of substantial need and undue hardship. To the contrary, mental process work product benefits from greater, nearly absolute, protection.

Importantly, work-product can include materials prepared by persons other than the attorney as long as they were prepared with an eye towards the realistic possibility of impending litigation and were prepared by or for the party or the party’s representative. There generally is no protection for work done prior to attorney involvement. For example, work of a non-attorney performed by a company prior to involving an attorney or filing of a lawsuit typically is not protected. To be afforded protection under the work-product immunity doctrine, the material in question must have been prepared in anticipation of litigation or for trial.

III. Protections Afforded Outside of the United States

Some form of attorney-client privilege or confidentiality of communications is recognized in most countries. As explained by the United States Patent and Trademark Office at page 3 of Summary of Roundtable and Written Comments: Domestic and International Issues Related to Privileged Communications Between Patent Practitioners and Their Clients, available at https://www.uspto.gov/sites/default/files/documents/Summary%20of%20Privileged%20Communications%20Roundtable.pdf:

Confidential client-attorney communications are generally protected against disclosure in most legal traditions, though sometimes by different mechanisms, to encourage full and frank communication in providing legal advice. In the United States, such communications are protectable by means of an “attorney-client privilege,” which prevents those communications from being divulged during litigation, subject to certain limited exceptions. In civil law jurisdictions, which do not have a discovery process as in the United States, client-attorney communications are maintained in strict confidence as a matter of professional representation.

However, the policies behind the various forms of protection can vary as can the implications of those forms of protection. In the United States, where the rules of discovery can require broad

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4 See Upjohn Co. v. United States, 449 U.S. 383, 400, 101 S. Ct. 677, 66 L. Ed. 2d 584 (1981); Holmgren v. State Farm Mut. Auto. Ins., 976 F.2d 573, 577 (9th Cir. 1992) (work product “may be discovered and admitted when mental impressions are at issue in a case and the need for the material is compelling”); see United States v. Adlman, 68 F.3d 1495, 1501 (2d Cir. 1995) (purpose of doctrine is to establish “zone of privacy”); see also United States v. Deloitte LLP, 610 F.3d 129, 135 (D.C. Cir. 2010) (opinion work product “is virtually undiscoverable”).

5 See In re California Public Util. Comm'n, 892 F.2d 778, 781 (9th Cir. 1989) (nonparty public utilities commission could not assert work product protection for documents it had prepared in connection with closely related administrative action); Doubleday v. Ruh, 149 F.R.D. 601, 605-606 (E.D. Cal. 1993) (in civil rights suit based on prior criminal prosecution, no work product protection for criminal files of deputy district attorneys, because deputy district attorneys were not parties to civil rights action).


7 See Fed. R. Civ. P. 26(b)(1); Unless otherwise limited by court order, the scope of discovery is as follows: Parties may obtain discovery regarding any nonprivileged matter that is relevant to any party's claim or defense and proportional to the needs of the case, considering the importance of the issues at stake in the action, the amount in controversy, the parties' relative access to
Disclosure of communications when compared to other countries and where attorney-client communications are likely to be considered relevant and responsive to an interrogatory, document request or deposition question, the attorney-client privilege safeguards against having to disclose those communications, which allows clients and their attorneys to speak openly and honestly with each other without great concern that what is disclosed may someday be revealed.

The risk of disclosure of attorney-client communications often is not considered by counsel outside of the United States. This is because United States-style discovery does not exist in many places outside of the United States. In many foreign jurisdictions, the plaintiff and the defendant only disclose to the other party only what they want to disclose or the court instructs the parties what to disclose to each other. For at least this reason, there is very little concern about the contents of legal files because there is minimal risk of disclosure of those files in civil litigation.

Non-United States counsel and clients have varying expectations of secrecy or privacy based upon their experience with their local jurisdiction. During a United States lawsuit, such counsel and clients can be taken off-guard by the requirement to disclose their most confidential internal records. Some jurisdictions use a designation of “confidentiality” to bar production; not so in the United States. As used in the United States, confidentiality is only a designation of documents or other information that is being disclosed. Identifying a document as confidential in the United States is not a shield against production. Of course, protective orders can be obtained by the parties to ensure that the confidential information is not disclosed outside of the lawsuit, but merely identifying documents or information as confidential typically will not serve to prevent discovery of the confidential information in the United States. In contrast, in many jurisdictions outside of the United States, designating information as confidential can act to protect against any requirement to produce the information.

IV. United States Courts and Recognition of Foreign Privilege

United States courts when faced with foreign privilege issues generally turn to comity, or the “touch base” approach, to determine whether to apply United States or foreign law. The courts will determine, first, the jurisdiction with the predominant interest in whether the communications should remain confidential and, second, the place where the allegedly privileged relationship began. Assuming that foreign law is applied, then the courts look to whether that country’s law provides a privilege comparable to the United States attorney-client privilege. If the foreign country would not treat the communicates under an evidentiary privilege akin to the attorney-client privilege, then the United States court may not treat the communications as covered by the attorney-client privilege and may allow discovery of those communications.

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8 See Duplan Corp. v. Deering Milliken, Inc., 397 F. Supp. 1146, 1169-71 (D.S.C. 1975) (holding that, while communications with patent agents generally were not privileged in the United States, communications regarding a foreign patent application conducted with a foreign patent agent would be governed by the privilege rule under the law of that foreign country). Courts in the United States now do recognize a privilege for communications between domestic patent agents and their clients relating to patent prosecution matters. See In re Queen’s University at Kingston, 820 F.3d 1287 (Fed. Cir. 2016).

9 See In re Rivastigmine, 239 F.R.D. 351, 359, S.D.N.Y 2005) (finding that Swiss regulations did not refer to an absolute evidentiary privilege and, therefore, not applying privilege).
V. Protections Are Not Absolute and Immutable

Even where counsel outside of the United States are aware of the risk of disclosure, they may not be aware of the implications of waiver and the increasing use of the crime-fraud exception in intellectual property cases. For example, the patentee may seek to obtain a broad waiver of the attorney-client privilege when an accused infringer seeks to rely upon an opinion of counsel as a defense to the charge of willful infringement. Similarly, inequitable conduct issues can result in the accused infringer trying to pierce the patentee's privilege under the "crime-fraud" exception. At least one of these issues commonly arises in patent cases.

Disclosing privileged information to a third party ordinarily results in a waiver of the attorney-client privilege, unless the disclosure is “inadvertent.” Even so, there are some situations in which intended disclosures do not result in a waiver. For example, it is possible to enter into agreements, such as a common interest agreement, that can serve to protect the attorney-client privilege nature of the communication.

Voluntarily waiving the attorney-client privilege with respect to selected communications waives the privilege as to all contemporaneous communications between that attorney and that client on the subject matter in those documents. When a client voluntarily waives the attorney-client privilege, the client may be compelled to produce all documents relating to the subject matter that is the subject of the attorney-client privilege. The scope of that waiver usually is a subject of much contention. As explained by the Court of Appeals for the Federal Circuit in *Fort James Corp. v. Solo Cup Co.*, 412 F.3d 1340, 1348-1350 (Fed. Cir. 2005) (emphasis added):

The widely applied standard for determining the scope of a waiver of attorney-client privilege is that the waiver applies to all other communications relating to the same subject matter. *Genentech, Inc. v. United States ITC*, 122 F.3d 1409, 1416 (Fed. Cir. 1997); *In re Grand Jury Proceedings*, 78 F.3d 251, 255 (6th Cir. 1996); *In re Cont'l Ill. Sec. Litig.*, 732 F.2d 1302, 1314 n.18 (7th Cir. 1984). The waiver extends beyond the document initially produced out of concern for fairness, so that a party is prevented from disclosing communications that support its position while simultaneously concealing communications that do not. *Weil v. Investment/Indicators, Research & Management*, 647 F.2d 18, 24 (9th Cir. 1981) (quoting *VIII J. Wigmore, Evidence* § 2291, at 636 (McNaughton rev. 1961) for the proposition that fairness dictates that a privilege holder “cannot be allowed, after disclosing as much as he pleases, to withhold the remainder”); *Abbott Labs. v. Baxter Travenol Labs., Inc.*, 676 F. Supp. 831, 832 (E.D. Ill. 1987). There is no bright line test for determining what constitutes the subject matter of a waiver, rather courts weigh the circumstances of the disclosure, the nature of the legal advice sought and the prejudice to the parties of permitting or prohibiting further disclosures. See *In re Keeper of the Records XYZ Corp.*, 348 F.3d 16, 23 (1st Cir. 2003) (stating that case law is of limited assistance in determining the scope of a waiver because of the fact-intensive nature of the issues presented); *Eco Mfg. LLC v. Honeywell Intl, Inc.*, No. 1:03-cv-0170, 2003 U.S. Dist. LEXIS 7257, at *5 (S.D. Ind. Apr. 11, 2003) (citing *U.S. v. Skeddle*, 989 F. Supp. 917, 919 (N.D. Ohio 1997))
Accordingly, it is important to remember that each court may view the scope of the waiver differently.

When there is an allegation of fraud, such as, for example, an allegation of inequitable conduct, there is always the possibility that the party alleging fraud will attempt to pierce the attorney-client privilege using the crime-fraud exception. The crime-fraud exception to the attorney-client privilege relates to communications otherwise subject to the attorney-client privilege except that the communications were made in furtherance of an ongoing or future crime or fraud. Theoretically, it is an abuse of the attorney-client privilege to attempt to break the law using an attorney's services. A person or entity should not be permitted to hide its criminal or fraudulent conduct from disclosure simply by passing the information on to his attorney.

VI. Activities Underway at the United States Patent and Trademark Office

Given the uncertainty created by all of the differences in application of the attorney-client privilege, both within the United States and on a global scale, the United States Patent and Trademark Office has attempted to clarify and harmonize the various positions. On January 26, 2015, the United States Patent and Trademark Office published a Federal Register Notice entitled: “Notice of Roundtable and Request for Comments on Domestic and International Issues Related to Privileged Communications between Patent Practitioners and Their Clients.” See 80 Fed. Reg. 3953 (Jan. 26, 2015). The issues on which the USPTO was seeking input were: (1) whether and to what extent United States courts should recognize privilege for communications between foreign patent practitioners and their clients; the extent to which communications between U.S. patent applicants and their non-attorney U.S. patent agents should be privileged in United States courts; and (3) whether and to what extent communications between U.S. patent practitioners and their clients should receive privilege in foreign jurisdictions. The USPTO explained:

Innovators who seek patent protection in multiple jurisdictions may engage patent practitioners (attorneys or other registered representatives) in each of those jurisdictions. Currently, there is little consistency in whether the innovators’ communications with their patent practitioners will be recognized as privileged by courts. The rules governing privilege vary from country to country and between U.S. jurisdictions. As a result, innovators may be reluctant to share critical information with their patent practitioners because the information may be subject to disclosure in judicial proceedings.

First, the USPTO is interested in the state of U.S. law with respect to protecting communications between patent applicants and their non-U.S. patent practitioners from disclosure in U.S. litigation. The law in the United States differs from jurisdiction to jurisdiction. Some U.S. courts do not protect communications with foreign practitioners under any circumstances. Other courts may protect those communications, but they employ a variety of tests to decide whether and to what extent to grant privilege. Factors that U.S. courts consider include: whether the foreign practitioner acted under the direction of a U.S. attorney; whether the foreign practitioner would receive privilege under the laws of the country where the patent application was filed; and how the
competing interests of all involved jurisdictions are affected. The patchwork of rules between circuits and districts can make it unclear under which circumstances communications are privileged.

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To address the lack of uniformity for potentially privileged communications discussed above, the possibility of developing an international minimum standard for recognizing privileged communications between clients and patent practitioners has been considered in recent years by the Standing Committee on the Law of Patents (SCP) at the World Intellectual Property Organization (WIPO). Those discussions have resulted in a compilation of relevant laws in WIPO member countries on this issue. For more information, please see WIPO document SCP/20/9, “Confidentiality of Communications between Clients and their Patent Advisors: Compilation of Laws, Practices and other Information,” available at: http://www.wipo.int/edocs/mdocs/patent_policy/en/scp_20/scp_20_9.pdf. This document also contains a summary of U.S. law on this issue. Separately, several industry organizations from the United States and Europe have proposed an international framework that they believe would help mitigate some of the uncertainty that exists in the current system. A copy of their proposed framework can be found at: https://www.aippi.org/download/onlinePublications/Attachment1SubmissiontoWIPODecember182013_SCP.pdf.

Id. at 3954.

The U.S. Patent and Trademark Office convened the roundtable on February 18, 2015 and ultimately published a summary entitled “Domestic and International Issues Related to Privileged Communications between Patent Practitioners and Their Clients.”¹⁰ Public comments were filed by three companies, nine trade groups, six individuals and Australia IP. The roundtable was attended by twenty individuals in-person and another 52 people attended via a webcast. During a series of roundtable discussions, the inconsistent approaches being taken by courts in the United States and abroad were explored. Using the feedback obtained during the process, the United States Patent & Trademark Office is exploring potential solutions and will be discussing those potential solutions with Congress and international groups, starting with harmonizing the various approaches domestically and then moving on to attempts to harmonize internationally.

VI. Three Rules of Thumb for Your Foreign Associate

With this background information in mind, consider what may be lurking within the typical patent and trademark files in the hands of foreign counsel. When considering the patent and trademark files, generally three main groups of files come to mind: prosecution files, infringement studies or assertion investigation files, and clearance, due diligence, or freedom to

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operate files. While other files may exist, this grouping of files probably captures a majority of files (excluding, of course, litigation files).

A. Rule of Thumb #1: “Do What You Do”

When it comes to actions of foreign counsel under their local laws, the foreign counsel can operate generally business as usual. When communicating with the client (or United States counsel) regarding the implications of the laws in their jurisdiction, the local laws and customs likely will govern what is protectable as privileged against disclosure. As such, when addressing local issues, the foreign counsel will be in the best position to determine what is protected from disclosure and what is not protected from disclosure. A conversation with the foreign counsel regarding the issues involving attorney-client privilege in the United States can help the foreign counsel determine what should remain within their file and what should not; what will be subject to discovery and what will not.

B. Rule of Thumb #2: “Have Us Do What We Do”

When it comes to actions of foreign counsel with respect to United States intellectual property rights, the foreign counsel should be either working at the direction of a United States attorney or consulting with a United States attorney. In such situations, courts will apply the United States attorney-client privilege laws. As discussed above, the attorney-client privilege extends to non-lawyer third parties, which should include foreign attorneys, so long as the non-lawyer third parties are the attorney’s agent or representative. In such situations, courts have held that the communications are privileged if the third parties are necessary for the purposes of rendering legal advice. Thus, it is important when working with foreign attorneys to ensure that any issues involving United States law are either handled by a United States attorney or at the direction of a United States attorney.

C. Rule of Thumb #3: “Mind Your Files As If They Will Have To Be Produced”

Even if Rules of Thumb Numbers 1 and 2 are being followed by foreign counsel, there is a non-zero chance that the foreign associate files nevertheless may need to be produced in the United States during a lawsuit. Accordingly, the foreign associates desirably would tend to treat their files during all activities as if they were going to have to disclose the contents of their relevant files to opposing counsel. For many foreign counsel, this will require a mind shift but, with some consultation, the changes should not be found to be that significant.

1. Prosecution Files

Prosecution files often open with the receipt of an invention disclosure or a request to clear a trademark and file a trademark application. The contents of the files can vary from firm to firm but generally will include the official correspondence with the governmental agency involved, correspondence with the client and/or other counsel, and other materials.

The correspondence with the governmental agency portion of the file should be kept clear of anything not submitted to the governmental agency and should accurately reflect the official record. Accordingly, interlineations and other markings on the correspondence should not be made unless those interlineations also are part of the official governmental file. Finally, any
drafts of communications with the governmental agency should be destroyed upon filing of the actual communications with the governmental agency; those drafts generally serve no purpose but might reflect non-privileged information that otherwise is not available to an opposing party. By observing these simple suggestions, the official correspondence portion of the file can be kept identical to that of the governmental agency. And, by keeping the portion of the attorney’s file relating to official correspondence identical to that contained at the governmental agency, nothing that may be ordered to be produced will be any different from the record publicly available from the governmental agency.

The correspondence with the client (and/or other counsel) portion of the file should be kept to a minimum. Of course, this portion of the file will contain letters that report the filing of applications, the allowance of the applications, and other similar ministerial correspondence needed to keep the client informed regarding progress of the application. Preferable, these types of correspondence contain only factual statements that will not divulge strategic thinking. In some instances, however, strategic information may need to be communicated to a client. In such instances, a telephone conversation may be the better route with handwritten notes made and maintained in the attorney’s file only until execution of the strategy has been completed. If strategic correspondence is required, clearly indicating that the correspondence is an attorney-client privileged communication and including the appropriate recipients would be preferred. For example, if a foreign attorney is communicating directly with the client regarding a United States patent or United States published patent application, the correspondence should either indicate that it is at the direction of a United States attorney (e.g., seeking information for the United States attorney) or seeking the advice of a United States patent attorney. In this manner, the strategic correspondence is more likely to be treated as subject to the United States attorney-client privilege.

Prosecution files often will include other items beyond the correspondence with official governmental agencies and the client. For example, in patent files, search results from searches conducted by the client or the attorney may be included in the file. To the extent that prior art is included in the file, the copy of the prior art should be clean and unmarked. In this way, the attorney’s thoughts and/or the client’s thoughts will not be reflected on any prior art document that may be subject to disclosure. Preferably, however, no copies of any prior art filed with, or received from, an official governmental agency is maintained within the file, especially when the copies can be readily obtain elsewhere. By not maintaining copies of prior art in the files, there is no chance that a marked up copy of the prior art will be discovered when the file is produced. Other information, such as information that supports or evidences the date of invention (e.g., dated pictures of prototypes or drawings, or invention disclosure forms) can be maintained within the file. Such information more likely than not will be more helpful than harmful to the patentee and, as such, can be maintained within the file. With regard to trademark files, information relating to dates of first use in the United States can be maintained (e.g., when, where and to what extent). Finally, information that confirms ownership of the intellectual property rights (e.g., agreements or assignments) should also be maintained with the file.

2. Infringement Studies and Assertion Investigations

Companies often request assistance by outside counsel in reviewing and commenting upon patents, published patent applications, trademarks, and published trademark applications.
In addition, companies may request outside counsel to consider whether a third party is infringing upon any of the intellectual property rights of the company. All of these requests can be considered infringement studies.

When considering infringement studies of United States intellectual property rights, it is preferred, of course, that the foreign counsel is not maintaining files for such studies. In many cases, much of the contents of foreign counsel’s files relating to such studies may not be protected. Of course, if the activities of foreign counsel are taken at the direction of a United States attorney or if the activities involve a United States attorney or are seeking the advice of the United States attorney, then the documents reflecting the advice and requests for advice are more likely to fall within the protections of the attorney-client privilege. As such, any correspondence and documents within the file should clearly reflect the involvement of the United States attorney and should be marked with an appropriate legend, such as Attorney-Client Privileged. Otherwise, the documents contained within the files should be treated by the client and the foreign counsel as though they will be subject to discovery in the United States and, accordingly, the number of documents, as well as the comments and markings in the documents, should be kept to a minimum.

To the extent a competitor’s intellectual property is being reviewed, the foreign file preferably includes any correspondence with the competitor, including any notice provided by the competitor, of the intellectual property being studied. Such information can be useful to the United States attorney in assessing the availability of arguments, such as laches, estoppel or the like. In some contexts, maintaining a record of any steps originally taken to clear a product or a trademark can be useful, including a listing of search results considered and the final opinion authorizing the client to proceed. Finally, the foreign file preferably includes correspondence that shows that the client was taking appropriate steps once placed on notice of a competitor’s intellectual property. For example, correspondence with United States counsel requesting a review of the issues involved would be helpful.

To the extent that a competitor’s product is being reviewed, the foreign file preferably includes any correspondence with the competitor, including any notice of infringement provided by the client to the competitor. Beyond any correspondence with the competitor and any helpful factual information that is not readily available elsewhere, the file desirably only contains materials prepared at the instruction of, or with the assistance of, United States counsel.

3. Clearance, Due Diligence and Freedom to Operate Files

Many companies, particularly at an early development stage, seek to evaluate their “freedom to operate” through searching and analyses. The goal of clearance searching, due diligence, and freedom to operate is to identify significant risk factors. Each of these analyses typically involves the sifting of information to assess the risk associated with proceeding ahead in any of a number of directions. The files associated with these analyses can be particularly thorny when it comes to limiting discovery through the attorney-client privilege.

While most results are provided in a single report or letter to the client, where practical, it is preferable to have a single separate document for each individual property being reviewed. In this manner, there are not multiple patents, for example, discussed on a single document. By
separating out the results by property, even if they all relate to a single product or product feature, the waiver issue can be simplified and redaction can be reduced. Once the final work product is created, preferably any notes and marked up documents are removed from the file with the final work product being the sole reminder of the study undertaken and the results of that study. With respect to the delivery of the final product, the file should indicate when and how the results were communicated to the client. The file should not, however, indicate any communication regarding the results to any third party. Keeping the files free of extraneous information and discoverable information is preferred and simplifies the issues presented by these foreign counsel files.

VII. Concluding Thoughts

We live in very dynamic times. As such, evaluating the current attorney-client privilege landscape is something companies and their counsel (both inside and outside) should do from time to time. Adjustments may be required depending upon the prevailing views of the courts as demonstrated by the following quote excerpted from a letter to the United States Patent & Trademark Office from Philip S. Johnson, President, Intellectual Property Owners Association:

Many companies implement various policies to attempt to address the inconsistencies of privilege in various jurisdictions. Such policies include, for example, requiring that: U.S. in-house counsel be assigned to direct and supervise non-attorney U.S. or foreign patent practitioners; non-attorney patent practitioners must be placed organizationally in the same general department (the IP department or legal department) as the U.S. in-house counsel who is supervising them; non-attorney patent practitioners working on U.S. patent matters direct all in house communications concerning legal advice, including legal issues relating to patentability, the scoping of the underlying invention, and clearance to supervising U.S. in-house counsel; and confidential in-house emails and written communications between non-attorney patent practitioners working on U.S. patents and company employees other than supervising U.S. in-house counsel must (i) copy supervising U.S. in-house counsel, and (ii) expressly state that the purpose of the communication is to aid supervising U.S. in-house counsel in giving legal advice. Page 4, of Letter to USPTO from Philip S. Johnson, President, Intellectual Property Owners Association available at https://www.uspto.gov/sites/default/files/documents/TradeGroup_US_IPO_IntellectualPropertyOwnersAsso.pdf

What actions and steps each company takes will be based upon a very fact specific analysis, but the discussion set forth above can help guide conversations with clients and foreign counsel alike.

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BIOGRAPHY

Robert J. Roby is a partner at Knobbe, Martens, Olson & Bear and splits time between the firm’s New York, New York and Orange County, California offices. With a degree and experience in mechanical engineering, Robb focuses on client practice and represents clients in diverse technology areas and in various stages, from start-up companies to well-established multi-national companies.

Robb's medical device experience includes advising early-stage companies, such as Spiration, Inc. (acquired by Olympus Medical Systems Corporation) and EndiCOR Medical, Inc. (acquired by ev3 Inc.), as well as more established companies, such as Pro-Dex, Inc., and multi-national corporations, including Fisher & Paykel Healthcare Limited. He also has an extensive background in automotive and power sport technologies and has represented original equipment manufacturers as well as aftermarket and component level manufacturing entities. Robb also works with fashion and apparel companies, including Kate Spade & Co. and Mechanix Wear.

Robb frequently advises clients regarding offensive and defensive competitive strategies, prelitigation strategies, infringement studies, invalidity and noninfringement opinions, strategic transactions and complex patent prosecution. He assists clients with implementing programs to identify, evaluate and protect all forms of intellectual property. Robb also prepares agreements on behalf of clients and advises clients regarding contractual obligations.

Throughout law school at New York University School of Law, Robb clerked for a New York City patent law firm. He was a summer associate with Knobbe Martens in 1996, joined the firm in 1997 and became a partner in 2003. He currently is the managing partner of the firm’s New York City office.

Education

New York University (J.D. 1997)
Ohio University (Mechanical Engineering 1994), summa cum laude