

IN RE ECHO STAR COMMUNS. CORP.:
UNCOMMUNICATED LAW FIRM WORK PRODUCT
PROTECTED WHEN IN-HOUSE PRIVILEGE WAIVED

TiVo sued Echostar for infringement of its U.S. Patent No. 6,233,389 (hereinafter “the ‘389 patent”). In response, Echostar asserted that it had relied on the advice of in-house counsel, sought and obtained before suit was brought, to rebut a charge of willful infringement. After the action was filed, EchoStar obtained additional legal advice from the law firm of Merchant & Gould, but elected not to rely on such advise. TiVo sought production of documents in the possession of EchoStar and Merchant & Gould in order to explore EchoStar’s state of mind relevant to the infringement of the ‘389 patent.

The district court held that by relying on advice of in-house counsel, EchoStar waived its attorney-client privilege and attorney work product immunity relating to advice of any counsel regarding infringement, including Merchant & Gould. The district court indicated the scope of the waiver included communications made before and after the filing of the complaint and any work product, regardless of whether the product was communicated to EchoStar. The court reasoned that certain documents could be relevant or lead to the discovery of admissible evidence because such documents might reveal information conveyed to Echostar, even if the documents were not themselves conveyed. In addition, the district court held EchoStar could redact information related only to trial preparation or information unrelated to infringement.

On a petition for mandamus, the CAFC agreed that when EchoStar opted to rely on the advice of in-house counsel, it waived the attorney-client privilege with regard to any attorney-client communications relating to the same subject matter, including communications with counsel other than in-house counsel, which included communications with Merchant & Gould and another law firm. However, the appellate court held that work product not communicated to EchoStar and work product not reflecting communication between Merchant & Gould and EchoStar was not within the scope of EchoStar’s waiver because it played no part in EchoStar’s state-of-mind as to infringement. It should be noted that the mandamus petition was directed only to the issue of whether work product not communicated to the client must be produced even if related to the subject matter of the opinions.

The CAFC enumerated three categories of work product relevant to the advice-of-counsel defense: (1) documents that embody a communication between the attorney and client concerning the subject matter of the case; (2) documents analyzing the law; and (3) documents that discuss a communication between attorney and client concerning the subject matter of the case but that are not themselves communications to and from the client. The court held that the waiver under the advice-of-counsel defense extended to the first and third categories, but did not extend so far as to include the second category.

The court announced that the advice-of-counsel defense to willful infringement requires the court to decide, *inter alia*, whether counsel’s opinion instilled a belief in the infringer that a court might reasonably hold the patent to be invalid, not infringed, or unenforceable. Additionally, it was determined that if a Merchant & Gould document was not communicated to EchoStar or if a Merchant & Gould document did not reference communication between

Merchant & Gould and EchoStar, its relevant value was outweighed by the policies of the work-product doctrine. Thus, the appellate court held it was an abuse of discretion for the district court to hold that the scope of the waiver of privilege extended to such documents, and the petition for mandamus was granted.

Disclaimer:

This case alert is not legal advice. Do not act upon it without professional advice. You are welcome to forward this case alert to others if you attribute it to McCracken & Frank LLP and include the original without alteration.