

## A Prosecution Bar in Patent Litigation Should Be the Exception Rather than the Rule

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### ABSTRACT

A litigant in patent litigation may seek a protective order containing a “prosecution bar” that prohibits attorneys who receive a disclosing party’s confidential information from prosecuting patent applications on behalf of the receiving party. When applying the Federal Circuit’s “competitive decisionmaking” analysis in the context of patent litigation, some district courts have found that patent prosecution is an inherently competitive activity, while others have disagreed and required a particularized showing beyond mere involvement in patent prosecution. A close reading of the case law will show that patent prosecution by itself should not amount to competitive decisionmaking. In any event, where a prosecution bar is to be imposed in a protective order, the type of information that would trigger a prosecution bar, and the duration of any such bar, should be narrowly defined and tailored to the specific facts of the case rather than on generalities.

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## I. INTRODUCTION

Confidential technical and financial information is often disclosed to the opposing side’s attorneys as part of discovery in litigation, subject to appropriate restrictions under a Rule 26(c) protective order.<sup>1</sup> In patent litigation, a disclosing party may contend that there is an undue risk that a patent attorney, who both prosecutes patents and participates in the litigation for the receiving party, could “inadvertently misuse” the disclosed confidential information in connection with his or her patent prosecution duties. To remedy this perceived threat of misuse, the disclosing party may propose that the protective order include a “prosecution bar” that would prohibit attorneys who receive the disclosing party’s confidential information from prosecuting patents on behalf of the receiving party.

This proposal is sometimes framed as merely presenting patent counsel with a

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<sup>1</sup> FED. R. CIV. P. 26(c).

simple choice, between litigation and patent prosecution. But the consequence of this ostensible “choice” is an onerous restriction on the receiving party’s choice of its counsel for the litigation. Patent counsel typically will not forsake his or her prosecution practice in order to participate in litigation. Yet patent counsel is frequently the attorney most familiar with the patented technology as a result of his or her work in drafting and prosecuting patent applications to protect that technology. By excluding patent counsel from patent litigation, a prosecution bar may give rise to substantial prejudice.

The Federal Circuit’s precedent on the general question of limiting a party’s attorney from access to confidential information obtained in discovery turns on whether the attorney is involved in “competitive decisionmaking” for the party, based on the specific facts of the case.<sup>2</sup> The position or classification of the attorney—such as whether he or she is inside or outside counsel—is not determinative.<sup>3</sup> The critical inquiry is the actual activity of each individual counsel and his or her relationship with the party represented.<sup>4</sup>

When applying the Federal Circuit’s “competitive decisionmaking” test in the context of patent litigation, the district courts have adopted divergent approaches to the issue of whether an attorney who prosecutes patent applications for a party is also a competitive decisionmaker for that party.<sup>5</sup> Some courts have found that patent prosecution is an inherently competitive activity,<sup>6</sup> while others have required a particularized showing beyond mere involvement in patent prosecution.<sup>7</sup> A close reading of these cases will show that patent prosecution by itself should not amount to competitive decisionmaking.

Still, the case authority on the point remains muddled.<sup>8</sup> As a result, the parties in patent litigation may stipulate to a protective order containing a prosecution bar in order to avoid satellite litigation over the issue.<sup>9</sup> Even so, a stipulating party should nevertheless exercise care to avoid undue restrictions on counsel. Accordingly, general limits on the scope and duration of a patent prosecution bar will also be discussed.

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<sup>2</sup> U.S. Steel Corp. v. United States, 730 F.2d 1465, 1468 (Fed. Cir. 1985).

<sup>3</sup> *Id.*

<sup>4</sup> *Id.* at 1469.

<sup>5</sup> See *Island Intellectual Prop. LLC v. Promontory Interfinancial Network LLC*, 92 U.S.P.Q.2d (BNA) 1475, 1475–76 (S.D.N.Y. 2009) (“Subsequent court decisions as to whether to order a patent prosecution bar have focused on this ‘competitive decisionmaking’ standard.”).

<sup>6</sup> See *In re Papst Licensing*, No. MDL 1278, 2000 WL 554219 (E.D. La. May 4, 2000).

<sup>7</sup> See *Avocent Redmond Corp. v. Rose Elecs., Inc.*, 242 F.R.D. 574, 579 (W.D. Wash. 2007).

<sup>8</sup> The Federal Circuit recently heard oral argument on January 12, 2010, for a writ of mandamus concerning a district court’s refusal to apply a patent prosecution bar to plaintiff party’s patent counsel in *In re Deutsche Bank Trust Co. Am.*, No. M920 (Fed. Cir. Dec. 15, 2009) (order setting hearing date for mandamus review of *Island Intellectual Property LLC v. Promontory Interfinancial Network LLC*, 92 U.S.P.Q.2d (BNA) 1475 (S.D.N.Y. 2009)). Hopefully the Federal Circuit will take the opportunity to clarify and affirm that patent prosecution is not inherently a competitive decisionmaking activity.

<sup>9</sup> Cf. *Island IP*, 92 U.S.P.Q.2d (BNA) at 1475–76. The plaintiff had agreed to a patent prosecution bar covering its litigators, except for its patent counsel who was also lead trial counsel. *Id.*

## II. THE “COMPETITIVE DECISIONMAKING” STANDARD

The Federal Circuit, in its seminal case *U.S. Steel Corp. v. United States*, held that denying counsel access to confidential information in litigation must be based on whether counsel is involved in competitive decisionmaking for the receiving party, rather than on any general classification or labeling of counsel.<sup>10</sup> Competitive decisionmaking is “shorthand for a counsel’s activities, association, and relationship with a client that are such as to involve counsel’s advice and participation in any or all of the client’s decisions (pricing, product design, etc.) made in light of similar or corresponding information about a competitor.”<sup>11</sup>

*U.S. Steel* was a countervailing duty case regarding whether an imported product was being unlawfully subsidized.<sup>12</sup> The Court of International Trade (“CIT”) had denied U.S. Steel’s motion for its in-house counsel to have access to confidential information obtained in discovery because of the in-house counsel’s “general position” and “reasonable assumptions that they will move into other roles.”<sup>13</sup> Although the CIT had accepted U.S. Steel’s representations that its in-house counsel was not involved in competitive decisions, the CIT focused on the mere possibility of inadvertent disclosure.<sup>14</sup> The CIT’s decision to deny in-house counsel access to confidential information rested on the general assumption that there was “a greater likelihood of inadvertent disclosure by lawyers who are employees committed to remain in the environment of a single company.”<sup>15</sup>

The Federal Circuit vacated the CIT’s decision, holding that access to confidential information disclosed in discovery may not be denied to in-house counsel of the receiving party based solely on a presumption that inadvertent disclosure by them is more likely than by other types of counsel.<sup>16</sup> The Federal Circuit recognized that in-house counsel, like retained counsel, “are officers of the court, [and] are bound by the same code of Professional Responsibility.”<sup>17</sup> Rejecting the mechanical discrimination of counsel based solely on their in-house status, the Federal Circuit held that access to confidential information must be determined on a counsel-by-counsel basis, taking into account “each individual counsel’s actual activity and relationship with the party

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<sup>10</sup> 730 F.2d 1465, 1468 (Fed. Cir. 1985).

<sup>11</sup> *Id.* at 1468 n.3.

<sup>12</sup> *Republic Steel Corp. v. United States*, 572 F. Supp. 275, 276 (Ct. Int’l Trade 1983); *see also U.S. Steel*, 730 F.2d at 1466.

<sup>13</sup> *U.S. Steel*, 730 F.2d at 1466; *see also FTC v. Exxon Corp.*, 636 F.2d 1336, 1350 (D.C. Cir. 1980) (“[In house counsel’s] continuing employment often intimately involves them in the management and operation of the corporation of which they are a part.”).

<sup>14</sup> *U.S. Steel*, 730 F.2d at 1467. The CIT had denied access to in-house counsel because of its concern “solely with the greater risk of *inadvertent* disclosure within the corporate setting.” *Id.*

<sup>15</sup> *Id.* at 1467–68.

<sup>16</sup> *Id.* at 1468.

<sup>17</sup> *Id.* *But see Exxon Corp.*, 636 F.2d at 1350 (explaining that “[t]he issue concerns not good faith but risk of inadvertent disclosure” by in-house counsel who are employed full-time to advance the interests of their employer (citing *SCM v. Xerox Corp.*, Civil No. 15,807 (D.Conn. May 25, 1977) (Pre-Trial Ruling No. 44) (A. 996-1000), *aff’d sub nom. In re Xerox Corp.*, 573 F.2d 1300 (2d Cir. 1977))).

represented.”<sup>18</sup> A party has a right to its choice of counsel.<sup>19</sup> The only basis for denying counsel access to information is where “the specific facts indicate a probability that confidentiality, under any form of protective order, would be seriously at risk.”<sup>20</sup> Subsequent decisions of courts, including the Federal Circuit, have turned on the issue of whether counsel was involved in competitive decisionmaking for the receiving party.

In *Matsushita Electric Industrial Co. v. United States*, another countervailing duty case, the Federal Circuit reviewed a CIT determination that Mr. Herschel Winn, in-house counsel for defendant-intervenor Tandy Corporation, had failed to show that he was not involved in competitive decisionmaking.<sup>21</sup> The CIT had denied Mr. Winn access to confidential business information submitted during an International Trade Commission investigation involving Tandy Corp.<sup>22</sup> In denying in-house counsel access to this confidential information, the CIT had based its decision on Mr. Winn’s position as General Counsel, Senior Vice President, and Secretary of Tandy, as well as his purported regular contact with competitive decisionmaking executives during Board of Directors and retail store meetings.<sup>23</sup>

Reversing the CIT’s denial of access, the Federal Circuit focused on statements in Mr. Winn’s affidavit that he was not involved with the selection of vendors or the competitive business terms contained in any of their purchase orders, that he did not attend meetings where decisions about competing products or marketing strategies were made, and that his contact with operating personnel who make such decisions was minimal.<sup>24</sup> The Federal Circuit held that “the standard is not ‘regular contact’ with other corporate officials who make ‘policy,’ or even competitive decisions, but actual ‘advice and participation’ in ‘competitive decisionmaking.’”<sup>25</sup> The court determined that Mr. Winn did not engage in competitive decisionmaking at Tandy, and granted him access to the disputed information.<sup>26</sup>

The Ninth Circuit adopted the Federal Circuit’s competitive decisionmaking standard for denying counsel access to a competitor’s confidential information in *Brown*

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<sup>18</sup> *U.S. Steel*, 730 F.2d at 1469; see also *AFP Advanced Food Prods. LLC v. Snyder’s of Hanover Mfg., Inc.*, No. 05-3006, 2006 WL 47374, at \*2 (E.D. Pa. Jan. 6, 2006) (“[T]he decision to deny access to discovered materials shall be done on a case-by-case, and lawyer-by-lawyer basis.”). On its face, a prosecution bar’s blanket prohibition against involvement with patent prosecution by all attorneys who have access to confidential information under a protective order appears at odds with *U.S. Steel*’s requirement for a counsel-by-counsel analysis.

<sup>19</sup> See *U.S. Steel*, 730 F.2d at 1469 (failing to address whether “the denial of access here constitutes a violation of USS’ right to choice of counsel”); see also *Excellus Health Plan, Inc. v. Tran*, 222 F.R.D. 72, 74 (W.D.N.Y. 2004) (prejudice in denying choice of counsel).

<sup>20</sup> *U.S. Steel*, 730 F.2d at 1469.

<sup>21</sup> 929 F.2d 1577, 1578 (Fed. Cir. 1991).

<sup>22</sup> *Matsushita Elec. Indus. Co. v. United States*, 746 F. Supp. 1103, 1107 (Ct. Int’l Trade 1990).

<sup>23</sup> *Id.* at 1106.

<sup>24</sup> *Matsushita*, 929 F.2d at 1579–80.

<sup>25</sup> *Id.* at 1580. But see *Norbrook Labs. Ltd. v. G.C. Hanford Mfg. Co.*, No. 03-165, 2003 WL 1956214, at \*5 (N.D.N.Y. Apr. 24, 2003) (finding a substantial risk of inadvertent disclosure because in-house counsel was also the corporate secretary and a member of the board of directors who “sits in the same room as those who are involved in competitive decisionmaking”).

<sup>26</sup> *Matsushita*, 929 F.2d at 1580.

*Bag Software v. Symantec Corp.*, a copyright and trademark case.<sup>27</sup> The parties stipulated to measures designed to protect Symantec's trade secrets disclosed during discovery.<sup>28</sup> Subsequent to the closure of discovery, Brown Bag's outside counsel withdrew from the case, precipitating Brown Bag's in-house counsel to enter an appearance on Brown Bag's behalf.<sup>29</sup> The magistrate judge held a hearing to inquire into the in-house counsel's responsibilities.<sup>30</sup> As Brown Bag's sole legal advisor and personnel manager, the in-house counsel agreed that he was responsible for advising his employer on legal issues such as contracts, marketing, and employment.<sup>31</sup> In light of his testimony, the magistrate judge issued a protective order denying the in-house counsel access to documents labeled "attorneys eyes only" except through an independent consultant after concluding that his duties would entail advising Brown Bag in areas relating to Symantec's trade secrets.<sup>32</sup>

The Ninth Circuit upheld the restrictive protective order because Brown Bag's in-house counsel was admittedly responsible for advising his employer "on a gamut of legal issues, including contracts, marketing and employment."<sup>33</sup> If given access to Symantec's confidential information, the in-house counsel would be placed in the "untenable position" of having to refuse his employer legal advice in a host of areas related to that protected information.<sup>34</sup> The court, therefore, concluded that the in-house counsel was involved in the kind of competitive decisionmaking that justifies excluding counsel from accessing another party's confidential information under the *U.S. Steel* analysis.<sup>35</sup>

After considering the hardship of an exclusion order, the Ninth Circuit found that the protective order struck a reasonable balance between the competing interests of the parties by shielding Brown Bag's in-house counsel from personal knowledge of a competitor's trade secrets, while allowing in-house counsel indirect access to such confidential information through an independent consultant.<sup>36</sup> The Ninth Circuit also

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<sup>27</sup> 960 F.2d 1465, 1471 (9th Cir. 1992).

<sup>28</sup> *Id.* at 1469.

<sup>29</sup> *Id.*

<sup>30</sup> *Id.* at 1471.

<sup>31</sup> *Id.*

<sup>32</sup> *Id.* at 1469.

<sup>33</sup> *Id.* at 1471; *see also* *Intel Corp. v. VIA Techs., Inc.*, 198 F.R.D. 525, 530 (N.D. Cal. 2000) (noting the risk of inadvertent disclosure is less in a large company such as Intel than in a small company such as Brown Bag).

<sup>34</sup> *Brown Bag*, 960 F.2d. at 1471; *see also* *FTC v. Exxon Corp.* 636 F.2d 1336, 1350 (D.C. Cir. 1980) ("[I]t is very difficult for the human mind to compartmentalize and selectively suppress information once learned, no matter how well-intentioned the effort may be to do so.").

<sup>35</sup> *Brown Bag*, 960 F.2d. at 1471.

<sup>36</sup> *Id.* With respect to the hardship that might be imposed on Brown Bag by excluding in-house counsel with the protective order, the court found that Symantec's trade secrets were irrelevant to Brown Bag's "look and feel" infringement claims because they depended on a comparison of the two published software programs which were publicly available. *Id.* In addition, access to Symantec's trade secrets could not possibly lead to other discoverable evidence, since the discovery period had already closed. *Id.* Thus, Brown Bag did not demonstrate that its ability to litigate would have been unduly prejudiced by this restriction on access by its in-house counsel. *Id.* *But see* *Avocent Redmond Corp. v. Rose Elecs., Inc.*, 242 F.R.D. 574, 579 (W.D. Wash. 2007) (finding an exclusion of counsel familiar with the facts and technology involved in the case would work a substantial hardship on the receiving party).

found that, in issuing the protective order, the district court had not arbitrarily discriminated between outside and in-house counsel—“rather, in reaching its decision, the court considered the particular circumstances of Brown Bag’s counsel then before it.”<sup>37</sup>

### III. PATENT PROSECUTION AND COMPETITIVE DECISIONMAKING

The Federal Circuit’s competitive decisionmaking standard for denying counsel access to protected confidential information was developed outside of the patent prosecution context, and its application to cases dealing with patent prosecution by the district courts has been uneven.<sup>38</sup> There are generally two lines of cases dealing with competitive decisionmaking in the context of patent prosecution. One line of cases is often denoted by *In re Sibia Neurosciences, Inc.*, an unpublished Federal Circuit opinion, which holds that when counsel engages in patent prosecution for a party, this activity is, by itself, an insufficient basis for denying such counsel access to a disclosing party’s confidential information.<sup>39</sup> Although *In re Sibia* is an unpublished Federal Circuit opinion, many courts have found its reasoning persuasive.<sup>40</sup> The other line of cases suggests that patent prosecution is the type of activity that may justify denying patent counsel access to a disclosing party’s confidential information, and is often denoted by *Motorola, Inc. v. Interdigital Technology Corp.*, an unpublished district court decision.<sup>41</sup>

#### A. The *In re Sibia* Line of Cases

##### 1. *In re Sibia* – A View from the Federal Circuit

The Federal Circuit applied the competitive decisionmaking standard of *U.S. Steel* to patent prosecution in an unpublished decision, *In re Sibia Neurosciences, Inc.*<sup>42</sup> In the underlying district court action, *Sibia Neurosciences, Inc. v. Cadus Pharmaceutical Corp.*, plaintiff Sibia sought a protective order to preclude defendant Cadus’ outside

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<sup>37</sup> *Brown Bag*, 960 F.2d. at 1471.

<sup>38</sup> For example, while some courts have refused to impose a prosecution bar because of the prejudice that would arise from precluding the party’s long-time patent counsel from involvement in the litigation, other courts have found that a long-term relationship between a party and its patent counsel is a reason why a prosecution bar is necessary. Compare *Sibia Neurosciences, Inc. v. Cadus Pharm. Corp.*, No. 96-1231, 1997 U.S. Dist. LEXIS 24130, at \*26–27 (S.D. Cal. Jul. 14, 1997) (imposing no prosecution bar where patent counsel had been with Cadus for more than a year before the commencement of litigation), with *Presidio Components, Inc. v. Am. Technical Ceramics Corp.*, 546 F. Supp. 2d 951, 958 (S.D. Cal. 2008) (finding Presidio’s patent counsel to be involved in competitive decisionmaking because he “has represented Presidio for several years and is the most knowledgeable attorney regarding Presidio and the technology in the lawsuit”).

<sup>39</sup> No. 525, 1997 WL 688174 (Fed. Cir. Oct. 22, 1997).

<sup>40</sup> E.g., *SmartSignal Corp. v. Expert Microsystems, Inc.*, No. 02-7682, 2006 WL 1343647, at \*6 (N.D. Ill. May 12, 2006).

<sup>41</sup> No. 93-488, 1994 WL 16189689 (D. Del. Dec. 19, 1994). While the *Motorola* decision is often cited as suggesting that patent prosecution is the type of activity that may justify denying patent counsel access to a disclosing party’s confidential information, as will be discussed *infra*, there were facts beyond the nature of patent prosecution that led the court to impose a patent prosecution bar.

<sup>42</sup> *In re Sibia*, 1997 WL 688174, at \*3.

patent counsel, who was actively involved in patent prosecution for the defendant, from accessing Sibia's confidential information.<sup>43</sup> During a hearing before the magistrate judge, Cadus' patent counsel stated that the inventions are made by inventors, and that as patent attorneys, "[w]e basically receive information from inventors and we make sure that that information is protected to . . . the [full] scope of the law as best we can, so our work goes basically into making sure that the invention once made is properly protected by patent."<sup>44</sup> Moreover, patent counsel was not involved in product development or pricing.<sup>45</sup> Rather, his job as outside patent counsel was to draft and prosecute patent applications covering the inventions his client disclosed to him.<sup>46</sup>

The magistrate judge nevertheless entered a protective order precluding anyone with access to certain information from prosecuting patent applications "relating to cell surface receptors or proteins and assay methods relating to same . . . during the pendency of this litigation and until one year after the conclusion of this litigation, including appeals."<sup>47</sup> The district court reversed the magistrate's order, noting that while it was uncontroverted that defendant's litigation counsel was actively involved in patent prosecution, there was no evidence that he was involved in product design or development, scientific research, sales, marketing, or other types of competitive decisionmaking.<sup>48</sup> The plaintiff, Sibia, argued that patent attorneys had a "unique role," and that patent prosecution amounts to competitive decisionmaking or otherwise creates an unacceptable risk of inadvertent disclosure.<sup>49</sup> The district court rejected this argument on grounds that it would create "a *per se* rule that counsel who prosecute patents in a particular field should always be subject to disqualification by protective order from viewing confidential information produced in infringement or enforcement litigation concerning patents in that field."<sup>50</sup> The court found that, as a practical matter, Sibia's position would always preclude a party from retaining its outside patent counsel to defend it in an infringement action, or to enforce a patent on its behalf.<sup>51</sup> Moreover, the district court held that the magistrate judge erred to the extent he based his decision on whether counsel was involved in "decisions of scope and emphasis" in patent prosecution, rather than on whether counsel was involved in competitive decisionmaking as defined by *U.S. Steel*.<sup>52</sup>

Sibia then filed a petition for writ of mandamus with the Federal Circuit for entry

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<sup>43</sup> *Sibia Neurosciences*, 1997 U.S. Dist. LEXIS 24130, at \*1-2.

<sup>44</sup> *Id.* at \*10.

<sup>45</sup> *Id.* at \*11.

<sup>46</sup> *Id.* at \*10.

<sup>47</sup> *Id.* at \*2-3.

<sup>48</sup> *Id.* at \*22. The district court also noted that Cadus had been represented by its patent counsel long before Sibia had filed suit, and further distinguished *Motorola, Inc. v. Interdigital Tech. Corp.*, No. 93-488, 1994 WL 16189689 (D. Del. Dec. 19, 1994) on that basis. *Sibia Neurosciences*, 1997 U.S. Dist. LEXIS 24130, at \*26; *see also* *Avocent Redmond Corp. v. Rose Elecs., Inc.*, 242 F.R.D. 574, 579 (W.D. Wash. 2007) (finding an attorney's status as the party's long-time patent counsel did not make him a competitive decisionmaker).

<sup>49</sup> *Sibia Neurosciences*, 1997 U.S. Dist. LEXIS 24130, at \*23.

<sup>50</sup> *Id.* at \*23-24.

<sup>51</sup> *Id.* at \*24.

<sup>52</sup> *Id.* at \*26.



of a protective order containing a prosecution bar against patent counsel. After reiterating that “[t]he facts, not the category, must inform the result,” the Federal Circuit agreed with the district court that “none of the indicia of ‘competitive decisionmaking’ was present here.”<sup>53</sup> Indeed, the Federal Circuit commended the district court’s opinion as “well reasoned.”<sup>54</sup> The court also expressly held that “denying access to [the defendant’s] outside counsel on the ground that they also prosecute patents for [the defendant] is the type of generalization counseled against in *U.S. Steel*.”<sup>55</sup> Although *In re Sibia* is an unpublished decision, it nevertheless represents the Federal Circuit’s view of competitive decisionmaking in the context of patent prosecution.

## 2. District Court Decisions Following *In re Sibia*

The Federal Circuit’s decision in *In re Sibia* was later analyzed by the Northern District of Illinois in *SmartSignal Corp. v. Expert Microsystems, Inc.*<sup>56</sup> In seeking to deny plaintiff’s patent counsel access to defendant’s confidential materials, the defendant relied upon:

[A] few lower court decisions that denied access to patent attorneys based on the assumption that patent attorneys exposed to competitor’s confidential information will have to constantly challenge the origin of every idea and every spark of genius when shaping a patent application, and will inevitably disclose confidential information at some point.<sup>57</sup>

The *SmartSignal* court stated that the “[d]efendant’s argument and case law in effect advocate a per se rule that denies patent attorneys access to confidential information and is inconsistent with Federal Circuit precedent.”<sup>58</sup> Notwithstanding the concerns about inadvertent disclosure, a blanket prohibition against patent prosecution was inappropriate because “the Federal Circuit clearly requires an individualized factual showing of competitive decisionmaking before denying access to an attorney.”<sup>59</sup> The court reasoned:

In *In re Sibia*, an unpublished case but one that offers valuable insight into the Federal Circuit’s application of competitive decision-making to patent prosecution, the defendant’s outside counsel represented the defendant in patent prosecution work and had represented more than fifty clients on biotechnology matters, including the area involved in the underlying action. Nevertheless, the Federal Circuit held that “denying access to [the defendant’s] outside counsel on the ground that they also prosecute patents for [the defendant] is the type of generalization counseled against in *U.S.*

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<sup>53</sup> *In re Sibia*, No. 525, 1997 WL 688174, at \*3 (Fed. Cir. Oct. 22, 1997); see also *Sibia Neurosciences*, 1997 U.S. Dist. LEXIS 24130, at \*22.

<sup>54</sup> *In re Sibia*, 1997 WL 688174, at \*3.

<sup>55</sup> *Id.*

<sup>56</sup> No. 02-7682, 2006 WL 1343647, at \*6 (N.D. Ill. May 12, 2006).

<sup>57</sup> *Id.* at \*5 (citations omitted).

<sup>58</sup> *Id.* at \*6.

<sup>59</sup> *Id.* (citing *U.S. Steel Corp. v. United States*, 730 F.2d 1465, 1468 (Fed. Cir. 1985)); see also *In re Sibia*, 1997 WL 688174, at \*3.

*Steel*. The facts, not the category, must inform the result.” The *In re Sibia* Court then reiterated that, under *U.S. Steel*, each case must be decided based on the specific facts involved therein.<sup>60</sup>

Following the reasoning of *In re Sibia*, the *SmartSignal* court refused to deny a patent attorney access to confidential information without good cause based on the individualized facts of the case.<sup>61</sup> The court noted that “there is no reason for the Court to believe that [patent counsel] will not strictly follow the stipulated protective order and refrain from using, either inadvertently or intentionally, Defendant’s confidential information.”<sup>62</sup> Barring patent attorneys from prosecuting similar patents, “without some tangible reason or good cause other than the general threat of inadvertent misuse of discovered materials, is the exact type of overly broad and generalized fear rejected by the Federal Circuit in *U.S. Steel* and *In re Sibia*.”<sup>63</sup> Because no showing was made based on the individualized facts of the case, the *SmartSignal* court refused to include a prosecution bar in the protective order.<sup>64</sup>

The Eastern District of Pennsylvania also found a patent prosecution bar inappropriate under the law of the Third Circuit, as well as that of the Federal Circuit, in *AFP Advanced Food Products LLC v. Snyder’s of Hanover Manufacturing, Inc.*<sup>65</sup> Defendant Snyder’s sought a protective order to prevent the plaintiff’s attorneys who were litigating this case from prosecuting new patents for the plaintiff.<sup>66</sup> The court noted that under the Third Circuit standard for issuing protective orders, the party seeking the protective order must show that disclosure of the information sought to be protected would result in a “clearly defined, specific and serious injury.”<sup>67</sup> Something more specific than broad allegations of harm is needed to establish good cause for a restrictive protective order.<sup>68</sup> Instead, “the decision to deny access to discovered materials shall be done on a case-by-case, and lawyer-by-lawyer basis.”<sup>69</sup> The court held that, without some tangible reason or good cause other than the general threat of inadvertent misuse of discovered materials, barring patent attorneys from prosecuting similar patents is the exact type of overly broad and generalized fear rejected by the Federal Circuit in *U.S. Steel* and *In re Sibia*, as well as by the Third Circuit in *Shingara*.<sup>70</sup>

Similarly, the Western District of Texas found that a prosecution bar against long-time patent prosecution counsel was not supported by the factual record in

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<sup>60</sup> *SmartSignal*, 2006 WL 1343647, at \*6 (citations omitted).

<sup>61</sup> *Id.*

<sup>62</sup> *Id.* *But see* *Motorola, Inc. v. Interdigital Tech. Corp.*, No. 98-488, 1994 WL 16189689, at \*5 (D. Del. Dec. 19, 1994) (“The level of introspection that would be required is simply too much to expect, no matter how intelligent, dedicated, or ethical the [patent] attorneys may be.”).

<sup>63</sup> *SmartSignal*, 2006 WL 1343647, at \*6.

<sup>64</sup> *Id.*

<sup>65</sup> No. 05-3006, 2006 WL 47374, at \*2 (E.D. Pa. Jan. 6, 2006).

<sup>66</sup> *Id.* at \*1.

<sup>67</sup> *Id.* (citing *Shingara v. Skiles*, 420 F.3d 301, 306 (3d Cir. 2005)).

<sup>68</sup> *Id.*

<sup>69</sup> *Id.* at \*2 (citing *U.S. Steel Corp. v. United States*, 730 F.2d 1465, 1468 (Fed. Cir. 1984)).

<sup>70</sup> *Id.*

*Photoprotective Technologies, Inc. v. Insight Equity A.P. X, LP.*<sup>71</sup> In this case, plaintiff's counsel had prosecuted patent applications on behalf of the plaintiff over an eighteen-year period, and the court found that the defendant had failed to show that prosecution counsel participated in the plaintiff's competitive decisionmaking process.<sup>72</sup>

Although some courts have equated patent prosecution with competitive decisionmaking, such practice is not necessarily dispositive. Basing a "patent prosecution bar" solely on an attorney's practice of prosecuting patents on behalf of his client fails to consider the factual circumstances surrounding the attorney's activities, association and relationship with his client and the attorney's involvement in his client's competitive decisionmaking. In this case, no evidence was presented concerning "counsel's advice and participation in any or all of the client's decisions (pricing, product design, etc.) made in light of similar or corresponding information about a competitor."<sup>73</sup>

The court then rejected the inclusion of a patent prosecution bar in the protective order because the factual record did not include "evidence about the factual circumstances surrounding attorney activity, association or relationship, or about involvement in client competitive decisionmaking."<sup>74</sup>

### 3. The Actual Activities and Duties of Patent Counsel

The actual activities and duties of patent counsel were considered in *Caterpillar, Inc. v. Detroit Diesel Corp.*, a pre-*Sibia* decision from the Northern District of Indiana, where defendant Detroit Diesel sought to bar Caterpillar's in-house patent attorney, Mr. Wilbur, from having access to confidential information.<sup>75</sup> The court noted that the focus of patent counsel was on drafting and prosecuting patent applications, and although his position involved interfacing with engineering personnel in connection with identifying and protecting patent rights to the company's technology, this fell "short of demonstrating that [he] actually participate[d] in [competitive decisions]."<sup>76</sup> "The court

<sup>71</sup> No. 06-1122, 2007 WL 2461819, at \*2 (W.D. Tex. Aug. 27, 2007).

<sup>72</sup> *Id.*; cf. *ST Sales Tech Holdings, LLC v. Daimler Chrysler Co.*, No. 07-346, 2008 WL 5634214, at \*5 (E.D. Tex. Mar. 14, 2008) (finding outside counsel who had no role in patent prosecution, but who was shown to have an "active role" in managing and monetizing patents for related patent-holding companies, to be a competitive decisionmaker).

<sup>73</sup> *Photoprotective*, 2007 WL 2461819, at \*2 (quoting *U.S. Steel*, 730 F.2d at 1468 n.3); see also *AFP*, 2006 WL 47374, at \*2 (indicating that without some tangible reason or good cause other than the general threat of inadvertent misuse, a patent prosecution bar is the exact type of overly broad and generalized fear rejected by both the Federal Circuit and the Third Circuit); *Pergo, Inc. v. Faus Group, Inc.*, No. 05-50, 2005 U.S. Dist. LEXIS 40601, at \*19–20 (E.D.N.C. Sept. 20, 2005) (indicating that without a showing that there is an excessive danger of inadvertent disclosure of confidential information, imposing a prosecution bar "would inevitably take the form of a *per se* rule that counsel may not serve as both patent prosecutors and litigation counsel for their clients").

<sup>74</sup> *Photoprotective*, 2007 WL 2461819, at \*2.

<sup>75</sup> No. 95-489, 1996 U.S. Dist. LEXIS 20575, at \*8 (N.D. Ind. Jan. 5, 1996).

<sup>76</sup> *Id.* at \*7–8. Similarly, in another pre-*Sibia* decision, *Fluke Corp. v. Fine Instruments Corp.*, 32 U.S.P.Q.2d (BNA) 1789 (W.D. Wash. 1994), the Western District of Washington denied a motion for a protective order against the patentee's in-house patent counsel. The defendant argued that because

cannot find a likelihood of inadvertent disclosure based on the fact that people interact.”<sup>77</sup> Mr. Wilbur admitted that he “‘sometimes . . . evaluat[es] engineering proposed design alternatives to overcome infringement of an existing patent,’ but such limited input into design decisions does not create a predictable or significant risk of inadvertent disclosure.”<sup>78</sup> Indeed, having a patent attorney participate in such design-around deliberations is more an exercise in respecting the patent rights of others in order to avoid patent disputes, rather than seeking a competitive advantage.<sup>79</sup>

In a post-*Sibia* decision, *R.R. Donnelley & Sons Co. v. Quark, Inc.*, the District of Delaware refused to deny access to “Attorneys’ Eyes Only” information for R.R. Donnelley’s “Chief Patent Counsel” who “supervise[s] the legal decision-making related to R.R. Donnelley’s intellectual property portfolio and its enforcement,” but “does not ‘report directly to any business person with direct responsibility for competitive decision-making.’”<sup>80</sup> Based on these unrebutted statements, the court concluded that the Chief Patent Counsel was “isolated from competitive decisionmaking.”<sup>81</sup>

In another post-*Sibia* decision, *Avocent Redmond Corp. v. Rose Electronics, Inc.*, the Western District of Washington thoughtfully addressed the question of the propriety of a prosecution bar.<sup>82</sup> Rose and the other defendants argued that a patent prosecution bar against Avocent’s patent counsel, Mr. Davidson, was necessary to prevent him from

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plaintiff’s in-house counsel, Mr. Koske, was a patent attorney, he possessed technical expertise which “‘increase[d] significantly” the threat of economic harm from any inadvertent disclosure. *Id.* at 1793. The plaintiff, on the other hand, stated that its in-house counsel has no involvement in sales, competitive decisionmaking, marketing decisions, or design and development of products. *Id.* The court found that patentee’s in-house counsel’s qualifications as a patent attorney were “not dispositive.” *Id.* Moreover, in-house counsel “is not involved in the design or development of [patentee’s] products, therefore any knowledge based on his expertise as a patent attorney will not be transferred to [patentee’s] advantage.” *Id.*

<sup>77</sup> *Caterpillar*, 1996 U.S. Dist. LEXIS 20575, at \*8; see also *Matsushita Elec. Indus. Co. v. United States*, 929 F.2d 1577, 1580 (Fed. Cir. 1991) (“[T]he standard is not ‘regular contact’ with other corporate officials who make ‘policy,’ or even competitive decisions, but ‘advice and participation’ in ‘competitive decisionmaking.’”).

<sup>78</sup> *Caterpillar*, 1996 U.S. Dist. LEXIS 20575, at \*9.

<sup>79</sup> *SRI Int’l, Inc. v. Advanced Tech. Labs., Inc.*, 127 F.3d 1462, 1467 (Fed. Cir. 1997). Attempts to design around a patent is a factor tending to show good faith in the exercise of due care in respecting the patent rights of others. *Id.*

<sup>80</sup> No. 06-032, 2007 WL 61885, at \*1 (D. Del. Jan. 4, 2007). The court also denied a request for a protective order preventing the plaintiff’s outside patent prosecution counsel from prosecuting any patents involving “variable digital printing.” *Id.* at \*2–3. Aside from the general threat of inadvertent misuse of discovered information, “the risk to Defendants’ economic interests is not such as would justify placing such a broad, and potentially onerous, patent prosecution bar on Plaintiffs’ counsel.” *Id.* at \*2. The court concluded that the balance of the Third Circuit’s *Shingara* factors weighed against issuing such a broad protective order. *Id.* at \*3; see also *AFP Advanced Food Prods. LLC v. Snyder’s of Hanover Mfg. Inc.*, No. 05-3006, 2006 WL 47374, at \*2 (E.D. Pa. Jan. 6, 2006) (denying inclusion of a prosecution bar in a protective order under similar reasoning).

<sup>81</sup> *R.R. Donnelley*, 2007 WL 61885, at \*2 (citing *Intel Corp. v. VIA Techs., Inc.*, 198 F.R.D. 525, 529 (N.D. Cal. 2000)). In contrast to its Chief Patent Counsel, R.R. Donnelley’s President of Corporate Strategic Initiatives had a supervisory role in “research and development,” and was denied access to Quark’s trade secrets and other sensitive information because he “routinely engaged in strategic and competitive decision-making.” *Id.*

<sup>82</sup> 242 F.R.D. 574 (W.D. Wash. 2007).

inadvertently using Defendants' highly-sensitive KVM switch design information while prosecuting new patent applications for Avocent.<sup>83</sup> The defendants were particularly concerned that Avocent's attorneys would use knowledge of the defendants' technology obtained through discovery when prosecuting a continuation patent.<sup>84</sup> The *Avocent* court noted that:

Even though a number of courts have stated that the work of a patent prosecutor inherently involves advising the client in its competitive decisionmaking, those courts are not binding here, and *U.S. Steel* counsels that status as a patent litigator alone is not enough to show advice and participation in competitive decisionmaking.<sup>85</sup>

Moreover, "the exclusion would work a substantial hardship on Avocent because its litigator in this case is familiar with litigating these patents and has previously prosecuted KVM switch patents for Avocent."<sup>86</sup> The court also noted that Avocent had invested significant amounts of time and money educating its long-time patent counsel on the technology involved in the present case.<sup>87</sup> "The Court is unwilling to preclude lawyers from litigating here or in front of the patent office on a vague and generalized threat of future inadvertent misuse of discovered materials."<sup>88</sup>

Notably, the fact that Mr. Davidson was the long-time patent counsel of the patentee Avocent did not make him a competitive decisionmaker.<sup>89</sup> Nor did the fact that Mr. Davidson had "prosecuted one of the patents at issue" automatically make him a competitive decisionmaker.<sup>90</sup> Thus, Avocent's patent counsel, Mr. Davidson, could have access to Rose's protected technical information and still engage in patent prosecution involving the same technology at issue.

Rose later took a second bite at the prosecution bar apple before the U.S. Court of Federal Claims in *Avocent Redmond Corp. v. United States*.<sup>91</sup> As a defendant-intervenor in this later case, Rose again sought a protective order with a patent prosecution bar

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<sup>83</sup> *Id.* at 576–77.

<sup>84</sup> *Id.* at 579.

<sup>85</sup> *Id.* See also *Fluke Corp. v. Fine Instruments Corp.*, 32 U.S.P.Q.2d (BNA) 1789, 1793 (W.D. Wash. 1994) (noting that counsel's qualifications as a patent attorney are "not dispositive" on the question of competitive decisionmaking).

<sup>86</sup> *Avocent*, 242 F.R.D. at 579.

<sup>87</sup> *Id.* But see *Mikohn Gaming Corp. v. Acres Gaming, Inc.* 50 U.S.P.Q.2d (BNA) 1783, 1786 (D. Nev. 1998) (relying on the patentee's admission that "it has made a considerable investment in [patent counsel's] technical training," in concluding that patent counsel engages in competitive decisionmaking such as advising the patentee "on matters relating to product design").

<sup>88</sup> *Avocent*, 242 F.R.D. at 579; see also *Fluke*, 32 U.S.P.Q.2d (BNA) at 1793.

<sup>89</sup> *Avocent*, 242 F.R.D. at 579; see also *Photoprotective Techs., Inc. v. Insight Equity A.P. X, LP*, No. 06-1122, 2007 WL 2461819, at \*2 (W.D. Tex. Aug. 27, 2007); *Caterpillar, Inc. v. Detroit Diesel Corp.*, No. 95-489, 1996 U.S. Dist. LEXIS 20575, at \*8 (N.D. Ind. Jan. 5, 1996).

<sup>90</sup> *Avocent*, 242 F.R.D. at 579; cf. *Motorola, Inc. v. Interdigital Tech. Corp.*, No. 93-488, 1994 WL 16189689, at \*5 (D. Del. Dec. 19, 1994) (imposing a prosecution bar, the court noted that "[t]his is not a situation where a client decided that it would be efficient to retain trial counsel who had prosecuted the particular patent in the past").

<sup>91</sup> 85 Fed. Cl. 640 (Fed. Cl. 2009) [hereinafter *Avocent III*].

covering the KVM switch technology.<sup>92</sup> After considering whether Avocent's patent prosecution attorneys were actually engaged in competitive decisionmaking and the hardship such a provision would cause Avocent, the court found that Rose had not met its burden of demonstrating good cause for a patent prosecution bar in the protective order.<sup>93</sup>

Indeed, at the hearing on this matter, counsel for Rose admitted that there is no evidence of any competitive decisions made by Avocent's counsel on issues such as pricing and product design. Instead, Rose supports its position with evidence of the patent prosecution attorneys' "relationship" with Avocent, including that Avocent's counsel act as both patent prosecution and litigation counsel; have a more than 10-year relationship with Avocent; are currently involved in ongoing proceedings at the Patent Office regarding the patents at issue in this case; and tout that they work with their clients to achieve their client's business goals. None of these facts support the conclusion that Avocent's lawyers are engaged in *competitive decision-making* for Avocent, as mandated by *U.S. Steel*. Most of the evidence offered merely establishes the value of the lawyers' long-standing relationship with Avocent. Moreover, the fact that Avocent's attorneys "tout" that they work closely with their clients to achieve their client's business goals merely states the obvious; this is not evidence of competitive decision-making.<sup>94</sup>

Furthermore, just as in the earlier district court case, the Court of Federal Claims found that a patent prosecution bar would work an unnecessary hardship on Avocent and its patent counsel, Mr. Davidson, who had represented Avocent for ten years in both prosecution and litigation matters.<sup>95</sup> Although the Court of Federal Claims rejected Avocent's argument that Rose was collaterally estopped from requesting a prosecution bar in view of the earlier district court decision which had rejected Rose's request for a prosecution bar,<sup>96</sup> both courts reached the same result on the merits.

The *Avocent* line of cases was later expressly relied upon by the Eastern District of Missouri in *Greenstreak Group, Inc. v. P.N.A. Construction Technologies, Inc.*<sup>97</sup> In denying a motion for a prosecution bar in the protective order, the court commented that examples of patent counsel having "participated in decisions as to the scope of patent claims, the amendment of patent applications and representations to the Patent Office" were part of the "expected" tasks of patent prosecution.<sup>98</sup> "In the Court's view, and as *Sibia* suggests, such involvement does not fall within the same species of competitive business decisions that the Federal Circuit exemplified with 'pricing' and 'product

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<sup>92</sup> *Id.* at 642.

<sup>93</sup> *Id.* at 645.

<sup>94</sup> *Id.*

<sup>95</sup> *Id.*

<sup>96</sup> *Id.* at 644. The court found there was no collateral estoppel based on the earlier Western District of Washington decision in *Avocent Redmond Corp. v. Rose Elec., Inc.*, 242 F.R.D. 574 (W.D. Wash. 2007), because the earlier case had been settled before final judgment and since there had been several reexaminations of the patents at issue. *Avocent II*, 85 Fed. Cl. at 643–44.

<sup>97</sup> 251 F.R.D. 390 (E.D. Mo. 2008).

<sup>98</sup> *Id.* at 391.

design.”<sup>99</sup> The court then noted its disinclination to join the line of cases often denoted by *Motorola, Inc. v. Interdigital Technology Corp.*, and instead, followed the reasoning of *Avocent Redmond Corp. v. Rose Electronics, Inc.*, concluding that patent prosecution is not competitive decisionmaking.<sup>100</sup> The court also noted “that the exclusion sought would work a hardship on defendant in view of its longtime representation by the counsel in question as both patent counsel and litigation counsel.”<sup>101</sup>

## B. The *Motorola* Line of Cases

As previously noted, notwithstanding the Federal Circuit’s views set forth in the unpublished *In re Sibia* decision, a number of cases dealing with protective orders in the context of patent prosecution have imposed a patent prosecution bar with the suggestion that patent prosecution is a competitive decisionmaking activity.<sup>102</sup> This line of cases, however, appears to be based on a number of outside litigation-related factors in addition to a misapprehension about the nature of patent prosecution.

### 1. The *Motorola* Decision

In *Motorola, Inc. v. Interdigital Technology Corp.*, the court remarked:

Attorneys who were to view Motorola’s voluminous confidential information and then later prosecute the patents would have to constantly challenge the origin of every idea, every spark of genius. This would be a sisyphian task, for as soon as one idea would be stamped “untainted”, another would come to mind. The level of introspection that would be required is simply too much to expect, no matter how intelligent, dedicated, or ethical the [patent] attorneys may be.<sup>103</sup>

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<sup>99</sup> *Id.*; see also *Trading Techs. Int’l, Inc. v. eSpeed, Inc.*, No. 04-5312, 2004 WL 2534389, at \*1 (N.D. Ill. Sept. 24, 2004) (“We think, however that the Federal Circuit presented the better argument in *In re Sibia Neurosciences, Inc.*, 1997 U.S.App. LEXIS 31828.”).

<sup>100</sup> *Greenstreak*, 251 F.R.D. at 391.

<sup>101</sup> *Id.*; see also *Island Intellectual Prop. LLC v. Promontory Interfinancial Network LLC*, 92 U.S.P.Q.2d 1475, 1477 (S.D.N.Y. 2009) (noting that excluding patent counsel “would highly prejudice” the patentee as well as the patent attorney, to the extent it would reduce his ability to earn a living).

<sup>102</sup> Other courts “have criticized *Motorola* for equating patent prosecution activities with competitive decisionmaking.” *Avocent Redmond Corp. v. Rose Elecs., Inc.*, 242 F.R.D. 574, 578 (W.D. Wash. 2007); see also *Island IP*, 92 U.S.P.Q.2d at 1476 (noting that the approach of the *Motorola* line of cases really “amounts to a *per se* prohibition on the use of [outside] litigation counsel who also prosecute patents” (citing *MedImmune, Inc. v. Centocor, Inc.*, 271 F. Supp. 2d 762, 773–74 (D. Md. 2003)); cf. *U.S. Steel Corp. v. United States*, 730 F.2d 1465, 1468 (holding that access may not be denied to a class of counsel solely on a general assumption that inadvertent disclosure by that class is more likely). *But see Medtronic, Inc. v. Guidant Corp.*, Nos. 00-1473, 00-2503, 2001 WL 34784493, at \*4 (D. Minn. Dec. 20, 2001) (“[P]rosecuting patents is distinct from other legal duties and presents unique opportunities for inadvertent disclosure.”); *Interactive Coupon Mktg. Group, Inc. v. H.O.T! Coupons LLC*, No. 98-7408, 1999 U.S. Dist. LEXIS 12437, at \*9 (N.D. Ill. Aug. 9, 1999) (“The concern is whether the firm’s involvement in developing a patent prosecution strategy will be informed by such information to the competitors’ detriment.”).

<sup>103</sup> No. 93-488, 1994 WL 16189689, at \*5 (D. Del. Dec. 19, 1994); see also *FTC v. Exxon Corp.* 636 F.2d 1336, 1350 (D.C. Cir. 1980) (“[I]t is very difficult for the human mind to compartmentalize and selectively suppress information once learned, no matter how well-intentioned the effort may be to do so.”).

The above reference to having to challenge the origin of “every spark of genius” suggests that the court was equating the role of the patent attorney with that of the inventor. Yet it is the inventor who invents with the flash of genius (to borrow an old, outdated phrase).<sup>104</sup> The role of the patent attorney, on the other hand, is not to invent but to draft a patent application with sufficient detail to meet the legal disclosure requirements under the patent laws, and to draft claims as broadly as would be permitted by the known prior art.<sup>105</sup>

The *Motorola* court’s reference to the “sisyphean task” of segregating confidential information during patent prosecution also appears to suggest that patent prosecution is inherently vulnerable to inadvertent disclosure.<sup>106</sup> Yet, because the role of the patent attorney is not to “invent,” the court’s concern about having to separate “untainted” ideas from “tainted” ideas is misplaced. This so-called “sisyphean task” could be an issue if an inventor were to have access to such “tainted” ideas—but, for a patent attorney with the more mundane job of securing patent protection for an invention that has already been “invented” by an inventor without access to such “tainted” ideas, these concerns are greatly diminished, if not non-existent.<sup>107</sup>

The root of the court’s concern, however, appears to have been that Interdigital had only recently transferred responsibility for prosecuting the patents-in-suit to litigation counsel, which “creates the appearance of a situation where a client felt it would be efficient to have trial counsel prosecute the patent application in the future,” with the “risk that any efficiency will be to some extent the result of inadvertent use of confidential information.”<sup>108</sup> The court also noted that imposition of a prosecution bar in the protective order would not pose a severe hardship to defendants because the affected law firm had not been prosecuting these patents for a long period of time.<sup>109</sup> *Motorola* thus does not support imposing a prosecution bar against long-time patent prosecution counsel. Indeed, the *Motorola* court went out of its way to say that “[t]his is not a situation where a client decided that it would be efficient to retain trial counsel who had prosecuted the particular patent in the past.”<sup>110</sup> *Motorola* distinguished itself from the

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<sup>104</sup> See *Ryko Mfg. v. Nu-Star, Inc.*, 950 F.2d 714, 718 (Fed. Cir. 1991) (noting that 35 U.S.C. § 103 was enacted in 1952 to overrule the “flash of genius” test from *Cuno Eng’g Corp. v. Automatic Devices Corp.*, 314 U.S. 84 (1941)).

<sup>105</sup> Patent prosecution is shaped primarily on the quality of the application’s detailed description of the invention. See 35 U.S.C. § 112, ¶1 (2006). It is a fundamental tenet that subject matter cannot be claimed for patent protection unless it is fully disclosed in the patent application. See, e.g., *Durel Corp. v. Osram Sylvania, Inc.*, 256 F.3d 1298, 1307–08 (Fed. Cir. 2001).

<sup>106</sup> *Motorola*, 1994 WL 16189689, at \*5. The plaintiff also had further argued that patent counsel “can make the claims read on new products and new directions where we project sales to be most critical.” *Id.* at \*4. These speculative arguments appear to be examples of intentional protective order violations, rather than of inadvertent disclosure.

<sup>107</sup> *But see id.* at \*4 (“The process of prosecuting patent applications also involves decisions of scope and emphasis . . .”).

<sup>108</sup> *Id.* at \*5.

<sup>109</sup> *Id.* at \*5–6. “In fact, [Motorola’s litigation counsel] did not become attorney of record for these particular patent applications until one week after the filing of Motorola’s suit.” *Id.* at \*5.

<sup>110</sup> *Id.* at \*5; see also *Sibia Neurosciences, Inc. v. Cadus Pharm. Corp.*, No. 96-1231, 1997 U.S. Dist. LEXIS 24130, at \*26 (S.D. Cal. July 14, 1997) (“The Motorola Court carefully distinguished just this situation.”). District courts in subsequent cases, however, have ignored this admonition while relying on



typical situation involving long-time prosecution counsel who is also litigation counsel, and should not be read as endorsing the view that patent prosecution represents competitive decisionmaking. Indeed, *Motorola* actually supports the notion that a patent prosecution bar should be the exception rather than the rule in patent litigation. Unfortunately, other courts have since relied on the rhetoric of *Motorola* to condone protective orders containing broad prosecution bars.<sup>111</sup>

## 2. District Court Decisions Following *Motorola*

Although the *Motorola* court did not determine whether the patent attorneys were actually involved in competitive decisionmaking, other courts eventually made that jump. Like *Motorola*, many of these decisions were apparently swayed by a patentee's aggressive litigation posture, which gave the appearance of an increased likelihood of inadvertent misuse.

In *Mikohn Gaming Corp. v. Acres Gaming, Inc.*, the District of Nevada commented that because defendant Acres asserted that pending patent applications currently being prosecuted would be infringed by Mikohn "as soon as they are issued," the advice rendered by Acre's patent counsel was "intensely competitive."<sup>112</sup> Then, relying on Acre's admission that "it has made a considerable investment in [patent counsel's] technical training," the court jumped to the conclusion that "[i]t therefore cannot be doubted that [patent prosecution counsel] works very closely with and advises Acres on matters relating to product design."<sup>113</sup> Acres' aggressive litigation posture apparently prompted the court to find that "it is unrealistic to expect that his knowledge of Mikohn's secret technology would not or could not influence the nature of his advice to Acres" on competitive design matters.<sup>114</sup> But a patent attorney's advice on product design is typically directed to design-around issues for *avoiding* third party patent rights, which would render the concerns identified by the *Mikohn* court greatly diminished, if

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*Motorola* to justify a prosecution bar against long-time patent counsel. *See, e.g.*, *Presidio Components, Inc. v. Am. Technical Ceramics Corp.*, 546 F. Supp. 2d 951, 958 (S.D. Cal. 2008) (imposing a prosecution bar against patent counsel who had represented Presidio for several years); *Andrx Pharm. LLC, v. GlaxoSmithKline PLC*, 236 F.R.D. 583, 587 (S.D. Fla. 2006) (noting patent counsel has prosecuted patents on behalf of Andrx for twelve years, and "[t]he extent of his relationship with Andrx suggests that he actively participates in competitive decision-making"); *Interactive Coupon Mktg. Group, Inc. v. H.O.T! Coupons LLC*, No. 98-7408, 1999 WL 618969, at \*2 (N.D. Ill. Aug. 9, 1999) (imposing a prosecution bar against patent counsel who had represented the company from its inception); *Mikohn Gaming Corp. v. Acres Gaming, Inc.*, 50 U.S.P.Q.2d (BNA) 1783, 1786 (D. Nev. 1998) (imposing a prosecution bar where the company had made a considerable investment in patent counsel's technical training).

<sup>111</sup> *See Avocent Redmond Corp. v. Rose Elecs., Inc.*, 242 F.R.D. 574, 577-78 (W.D. Wash. 2007) (discussing cases that have adopted "the *Motorola* approach").

<sup>112</sup> 50 U.S.P.Q.2d (BNA) 1783, 1785 (D. Nev. 1998).

<sup>113</sup> *Id.* at 1786. *But see Fluke Corp. v. Fine Instruments Corp.*, 32 U.S.P.Q.2d (BNA) 1789, 1793 (W.D. Wash. 1994) (finding that an in-house patent attorney was not involved in product design); *Caterpillar, Inc. v. Detroit Diesel Corp.*, No. 3:95-489, 1996 U.S. Dist. LEXIS 20575, at \*8-9 (N.D. Ind. Jan. 5, 1996) (holding interfacing with engineering personnel in designing around third party patents falls short of demonstrating participation in competitive decisionmaking such as product design).

<sup>114</sup> *Mikohn*, 50 U.S.P.Q.2d (BNA) at 1786; *see also Interactive Coupon*, 1999 U.S. Dist. LEXIS 12437, at \*8-9 (expressing concern that patent counsel was "deeply involved in representing the client in multiple, related infringement cases in the context of a fluid, developing technology").

not non-existent.<sup>115</sup>

Indeed, in addition to asserting that patent counsel did not advise Acres on “developing or marketing products,” Acres argued that Mikohn’s unfounded fear of improper disclosure stemmed from a misapprehension of how patent counsel could misuse Mikohn’s confidential information.<sup>116</sup>

Acres contends that Patent Office procedures governing the processing of patent applications make it impossible for [patent counsel] to abuse the confidential information it receives from Mikohn. According to Acres, if it were to refine claims in its pending patent applications, or write new claims in re-issue proceedings, it would necessarily be limited to the specifications contained in its original applications. Because it would not be allowed to amend claims or add new claims regarding matters that were not already disclosed in its original patent application, Acres argues that it would be theoretically impossible for [patent counsel] to exploit for its own competitive advantage the confidential information it would receive from Mikohn, even if it wanted to.<sup>117</sup>

Yet, instead of directly addressing Acres’ arguments, the *Mikohn* court block-quoted *Motorola*’s misconception of the so-called “sisyphean task” in patent prosecution of having to constantly assess the origin of “every spark of genius” as being tainted or untainted.<sup>118</sup> The *Mikohn* court’s reliance on *Motorola* was misplaced because the *Motorola* court expressly distinguished itself from situations involving long-time patent counsel.<sup>119</sup>

The *Mikohn* court also decided that the Federal Circuit’s view of patent prosecution from *In re Sibia* should not be considered on the procedural ground that “the Federal Circuit deemed its opinion unsuitable for publication.”<sup>120</sup> While an unpublished appellate decision is not binding precedent, it nonetheless reflects the court’s thinking on a specific fact pattern and can provide useful guidance.<sup>121</sup>

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<sup>115</sup> See, e.g., *Caterpillar*, 1996 U.S. Dist. LEXIS 20575, at \*7–9. The limited input into design decisions by a patent attorney evaluating design alternatives in order to avoid infringement of a third party patent does not create a predictable or significant risk of inadvertent disclosure. See also *SRI Int’l, Inc. v. Advanced Tech. Labs., Inc.*, 127 F.3d 1462, 1465 (Fed. Cir. 1997) (attempting to design around a patent is a factor tending to show the exercise of due care).

<sup>116</sup> *Mikohn*, 50 U.S.P.Q.2d (BNA) at 1784.

<sup>117</sup> *Id.*; see also 35 U.S.C. §§ 112, 120 (2006).

<sup>118</sup> *Mikohn*, 50 U.S.P.Q.2d (BNA) at 1786 (citing *Motorola, Inc. v. Interdigital Tech. Corp.*, No. 93-488, 1994 WL 16189689, at \*5 (D. Del. Dec. 19, 1994)).

<sup>119</sup> *Motorola*, 1994 WL 16189689, at \*5 (“This is not a situation where a client decided that it would be efficient to retain trial counsel who had prosecuted the particular patent in the past.”).

<sup>120</sup> *Mikohn*, 50 U.S.P.Q.2d (BNA) at 1785 n.3. But see *SmartSignal Corp. v. Expert Microsystems, Inc.*, No. 02-7682, 2006 WL 1343647, at \*6 (N.D. Ill. May 12, 2006) (noting that *In re Sibia* is “an unpublished case but one that offers valuable insight into the Federal Circuit’s application of competitive decision-making to patent prosecution”).

<sup>121</sup> David Hricik, *How Things Snowball: The Ethical Responsibilities and Liability Risks Arising From Representing a Single Client In Multiple Patent-Related Representations*, 18 GEO. J. LEGAL ETHICS 421, 447 (2005) (“While technically a court is not required to give any weight to an unpublished decision of the

The *Mikohn* court also asserted that because *In re Sibia* was before the Federal Circuit on a petition for a writ of mandamus, the petitioner Sibia “had the difficult burden of making a ‘clear and indisputable’ showing that the district court had engaged in ‘a clear abuse of discretion or usurpation of judicial power’” when it denied a protective order with a prosecution bar, rather than having to only demonstrate “good cause” for a proposed protective order with a prosecution bar in the first instance.<sup>122</sup> But rejecting *In re Sibia* on this procedural basis is inappropriate because there was no dispute that the litigator in question had been prosecuting patents for the defendant in the same biotechnology field as the patent-in-suit for several years.<sup>123</sup> If involvement in patent prosecution by itself were enough to justify a prosecution bar as a matter of law, then the prosecution bar sought under the writ of mandamus would have been granted because, otherwise, allowing patent prosecution counsel access to the disclosing party’s confidential information in the same technical field would have been an abuse of discretion.<sup>124</sup> Thus, the denial of mandamus relief by the Federal Circuit clearly signals that something more than patent prosecution is required in order to justify imposing a prosecution bar in a protective order.<sup>125</sup>

The *Motorola* and *Mikohn* decisions were followed in *Interactive Coupon Marketing Group, Inc. v. H.O.T! Coupons, LLC.*, a Northern District of Illinois case where defendant H.O.T! Coupons initially sought disqualification of the law firm acting as both trial counsel and patent prosecution counsel for plaintiff Interactive Coupon (d/b/a Coolsavings).<sup>126</sup> Here, the court did not disqualify Coolsavings’ counsel, but instead barred Coolsavings’ patent prosecution counsel from obtaining access to defendant’s confidential information.<sup>127</sup>

Coolsavings sought reconsideration by the court, and the court clarified that although it was inappropriate to disqualify patent prosecution counsel from an active role in its client’s litigation as a matter of course (thereby rejecting the argument that patent prosecution is inherently a competitive decisionmaking activity), counsel’s involvement both in patent prosecution and “in multiple, related infringement cases” caused the court to become concerned that counsel’s involvement in developing a patent prosecution strategy would be shaped by confidential information about competitors’ technology obtained through the discovery process to the competitors’ detriment.<sup>128</sup> The *Interactive Coupon* court held that, in its view, “competitive decisionmaking is not limited to

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Federal Circuit, that does not mean that the logic and reasoning of the opinion are wrong and should be ignored.”). In addition, the Federal Rules of Appellate Procedure were recently amended to allow citation to unpublished decisions, and the Federal Circuit now has local rules expressly allowing such citations in briefs filed with the court. Fed. R. App. P. 32.1. This rule, however, is limited to decisions issued on or after January 1, 2007. *Id.*

<sup>122</sup> *Mikohn*, 50 U.S.P.Q.2d (BNA) at 1785 n.3.

<sup>123</sup> *In re Sibia Neurosciences, Inc.*, No. 525, 1997 WL 688174, at \*3 (Fed. Cir. Oct. 22, 1997).

<sup>124</sup> Hricik, *supra* note 121, at 447. The remedy of mandamus is available to correct a clear abuse of discretion. *In re Calmer, Inc.*, 854 F.2d 461, 464 (Fed. Cir. 1988).

<sup>125</sup> Hricik, *supra* note 121, at 447.

<sup>126</sup> No. 98-7408, 1999 U.S. Dist. LEXIS 12437, at \*2 (N.D. Ill. Aug. 9, 1999).

<sup>127</sup> *Id.*

<sup>128</sup> *Id.* at \*8–9; *see also Mikohn Gaming Corp. v. Acres Gaming Inc.*, 50 U.S.P.Q.2d (BNA) 1783, 1786 (D. Nev. 1998).

decisionmaking about pricing and design but can extend to the manner in which patent applications are shaped and prosecuted.”<sup>129</sup> The court cited *Motorola*’s description of the so-called “sisyphean task” for prosecution attorneys having access to a competitor’s confidential information to constantly assess the origin of “every spark of genius” as being tainted or untainted, as well as *Mikohn*’s misconceptions that patent counsel gives advice “on matters relating to product design,” but did not address the Federal Circuit’s viewpoint in *In re Sibia*.<sup>130</sup> Furthermore, the *Interactive Coupon* court’s reliance on *Motorola* was misplaced because the *Motorola* court had expressly distinguished its unique case of switching patent prosecution responsibilities from long-time patent counsel to litigation counsel from “a situation where a client decided that it would be efficient to retain trial counsel who had prosecuted the particular patent in the past.”<sup>131</sup> Thus, *Motorola* was inapposite to the situation of plaintiff’s long-time patent counsel in *Interactive Coupon*.

The *Interactive Coupon* court was apparently concerned about the patentee’s aggressive litigation posture.<sup>132</sup> In opposition to defendant’s initial motion to disqualify counsel, plaintiff had submitted a first declaration that “emphasized the critical role” played by plaintiff’s law firm with respect to all of plaintiff’s intellectual property “since almost the inception of the company” as well as the fact that the firm had “become intimately familiar with [plaintiff’s] technology and business operations.”<sup>133</sup> The declaration further stated that plaintiff’s patent counsel had “become involved with various licensing and litigation matters.”<sup>134</sup> Then, in seeking reconsideration of the patent prosecution bar imposed by the court as an alternative to disqualification, plaintiff later submitted a second declaration to establish that the firm’s involvement with plaintiff was limited to intellectual property matters.<sup>135</sup> Both declarations were considered by the court to be “vague,” with the second declaration “really say[ing] nothing.”<sup>136</sup> In particular, the court complained that it “cannot make much sense of a statement like, ‘The . . . law firm has become intimately familiar with [plaintiff’s] technology and business

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<sup>129</sup> *Interactive Coupon*, 1999 U.S. Dist. LEXIS 12437, at \*10. *But see* *SmartSignal Corp. v. Expert Microsystems, Inc.*, No. 02-7682, 2006 WL 1343647, at \*6 (N.D. Ill. May 12, 2006) (“[A] per se rule that denies patent attorneys access to confidential information . . . is inconsistent with Federal Circuit precedent.”); *Trading Techs. Int’l, Inc. v. eSpeed, Inc.*, No. 04-5312, 2004 WL 2534389, at \*1 (N.D. Ill. Sept. 24, 2004) (holding that an attorney who had been incidentally involved in patent prosecution, such as participating in interviews at the USPTO, was not “involved in his client’s decisions regarding pricing, marketing, product design or the like”); *MedImmune, Inc. v. Centocor, Inc.*, 271 F. Supp. 2d 762, 774 n.13 (D. Md. 2003) (“If ‘shaping’ patent applications amounts to competitive decision-making, the Court has trouble imagining a patent prosecutor who would not meet that standard.”).

<sup>130</sup> *Interactive Coupon*, 1999 U.S. Dist. LEXIS 12437, at \*7–8.

<sup>131</sup> *Motorola, Inc. v. Interdigital Tech. Corp.*, No. 93-488, 1994 WL 16189689, at \*5 (D. Del. Dec. 19, 1994); *see also* *Sibia Neurosciences, Inc. v. Cadus Pharm. Corp.*, No. 96-1231, 1997 U.S. Dist. LEXIS 24130, at \*25–26 (S.D. Cal. Jul. 14, 1997) (distinguishing *Motorola* as a case involving the transfer of patent prosecution responsibilities to litigation counsel).

<sup>132</sup> *See* Lisa A. Dolak, *Risky Business: The Perils of Representing Competitors*, 30 AIPLA Q.J. 413, 448 (2002) (“Undoubtedly, the fact that the competitors in *Interactive Coupon* were engaged in litigation influenced . . . the court’s decision.”).

<sup>133</sup> *Interactive Coupon*, 1999 U.S. Dist. LEXIS 12437, at \*3 (internal quotations omitted).

<sup>134</sup> *Id.* (internal quotations omitted).

<sup>135</sup> *Id.* at \*3–4.

<sup>136</sup> *Id.* at \*9.

operations, but only in connection with its representation of [plaintiff] on intellectual property matters . . . .<sup>137</sup>

[Plaintiff] has attempted to walk a fine line, using careful wording to try to persuade the court first of [counsel's] central involvement with [plaintiff's] activities and then of its peripheral status. It has been too shrewd for its own good, convincing the court of nothing other than that the concerns raised by [defendant] have not been answered.<sup>138</sup>

The shifting declarations by the same attorney who acted as both lead prosecution counsel and lead litigation counsel were apparently enough for the *Interactive Coupon* court to give credence to the defendant's speculative concerns regarding inadvertent disclosure and to place the burden onto the non-movant to rebut the need for a prosecution bar in a protective order.

The Eastern District of Louisiana in *In re Papst Licensing*, later went further and simply held that patent prosecution counsel participates in competitive decisionmaking.<sup>139</sup> The court stated "the advice and participation of the Papst parties' counsel in preparation and prosecution of patent applications related to the patents in suit is an intensely competitive decision making activity and would be informed by access to the Non-Papst parties confidential information."<sup>140</sup> Instead of the particularized analysis required by *U.S. Steel*, the *Papst* court appears to have merely relied upon generalized statements regarding patent prosecution from cases such as *Motorola*, *Mikohn*, and *Interactive Coupon*. The reasons why these decisions do not justify the routine imposition of a prosecution bar has already been extensively discussed *supra*.

Many of the decisions applying a prosecution bar simply cite a combination of cases, including *Motorola*, *Mikohn*, *Interactive Coupon*, and/or *Papst*, as authority for taking a broad class-based approach that counsel who provide advice related to patent prosecution are engaged in competitive decisionmaking—without undertaking the particularized attorney-by-attorney analysis required by *U.S. Steel*.<sup>141</sup> These cases often appear to be influenced by a party's aggressive litigation posture, finding that patent prosecution is, by extrapolation from that posture, a competitive decisionmaking activity.<sup>142</sup>

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<sup>137</sup> *Id.* at \*9–10.

<sup>138</sup> *Id.* at \*11.

<sup>139</sup> No. MDL 1278, 2000 WL 554219, at \*3 (E.D. La. May 4, 2000). In *Chan v. Intuit, Inc.*, 218 F.R.D. 659 (N.D. Cal. 2003), the Northern District of California relied on *In re Papst Licensing*'s holding that advice related to patent prosecution is competitive decisionmaking. The *Chan* court apparently made no effort at an attorney-by-attorney analysis, and instead simply adopted the blanket position that patent prosecution counsel participates in competitive decisionmaking. *Chan*, 218 F.R.D. at 661 ("At least one federal court [*In re Papst Licensing*] has held that patent prosecution counsel participates in competitive decision-making.")

<sup>140</sup> *In re Papst Licensing*, 2000 WL 554219, at \*3.

<sup>141</sup> *E.g.*, *Chan*, 218 F.R.D. at 661 (relying on *In re Papst Licensing*, with no particularized showing); *Medtronic, Inc. v. Guidant Corp.*, Nos. 00-1473, 00-2503, 2001 WL 34784493, at \*4 (D. Minn. Dec. 20, 2001) (relying on *Motorola*, with no particularized showing).

<sup>142</sup> *Interactive Coupon*, 1999 U.S. Dist. LEXIS 12437, at \*9–11 (noting counsel's apparent flip-flop in its declarations describing the importance of its advice to plaintiff's business); *Mikohn Gaming Corp. v.*

### 3. An Attempt to Distinguish *Sibia*

A recent decision from the Southern District of California, *Presidio Components, Inc. v. American Technical Ceramics Corp.*, attempted to distinguish *In re Sibia* (or at least the underlying district court opinion, also from the Southern District of California) by asserting that the *Sibia* court had (1) noted that no case other than *Motorola* had imposed a prosecution bar; (2) determined that none of the outside attorneys were engaged in competitive decision-making for defendant; and (3) ruled there were no indicia that a party was seeking to promote inadvertent misuse of confidential information by “transferring to its litigation counsel the responsibility for prosecuting the same patents that were at issue in the litigation.”<sup>143</sup>

On the first point, the *Presidio* court noted that “numerous cases since *Motorola* have barred a plaintiff’s patent prosecutors from accessing a defendant’s most confidential information.”<sup>144</sup> However, as previously discussed, these cases often do not analyze the actual facts and circumstances of the patent attorney’s specific prosecution practice, and often seem to turn upon the aggressive litigation posture of the parties.<sup>145</sup>

As for the second point, the *Presidio* court asserted that, unlike the patent counsel in *Sibia*, *Presidio*’s patent counsel was “involved in competitive decision-making.”<sup>146</sup> The *Presidio* court reached this conclusion on several grounds. First, that patent counsel had represented *Presidio* “for several years.”<sup>147</sup> But the patent counsel in *Sibia* represented the defendant *Cadus* for more than a year before *Sibia* filed suit.<sup>148</sup> Indeed, a long-term relationship with patent counsel is not evidence of competitive decisionmaking, and, if anything, would be a factor against imposing a prosecution bar.<sup>149</sup>

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*Acres Gaming, Inc.*, 50 U.S.P.Q.2d (BNA) 1783, 1785 (D. Nev. 1998) (noting the defendant threatened to sue plaintiff for infringement as soon as the defendant’s patent issued); *Motorola, Inc. v. Interdigital Tech. Corp.*, No. 93-488, 1994 WL 16189689, at \*5 (D. Del. Dec. 19, 1994) (noting the plaintiff had transferred responsibility for patent prosecution from patent counsel to litigation counsel).

<sup>143</sup> 546 F. Supp. 2d 951, 958 (S.D. Cal. 2008) (citing *Sibia Neurosciences, Inc. v. Cadus Pharm. Corp.*, 1997 U.S. Dist. LEXIS 24130, at \*22 (S.D. Cal. July 14, 1997)).

<sup>144</sup> *Presidio*, 546 F. Supp. 2d at 958.

<sup>145</sup> See *supra* Section III.B.2.

<sup>146</sup> *Presidio*, 546 F. Supp. 2d at 958.

<sup>147</sup> *Id.*; see also *Infosint S.A. v. Lundbeck*, No. 06-2869, 2007 WL 1467784, at \*4 (S.D.N.Y. May 16, 2007) (concluding that *Infosint*’s patent counsel was involved in competitive decisionmaking because “[f]or nearly seven years, [patent counsel] has provided *Infosint* with patent advice, based on his scientific and legal expertise” and was “involved in his firm’s prosecution of the patent, at least to some degree”).

<sup>148</sup> *Sibia Neurosciences, Inc. v. Cadus Pharm. Corp.*, No. 96-1231, 1997 U.S. Dist. LEXIS 24130, at \*26 (S.D. Cal. Jul. 14, 1997). Moreover, as noted in both *Sibia* and *Motorola*, switching patent prosecution duties from long-time prosecution counsel to litigation counsel could give the appearance that a party was promoting an increased risk of inadvertent disclosure. If switching patent prosecution responsibilities from long-time prosecution counsel to litigation counsel gives the appearance of an increased risk of inadvertent disclosure of protected information, this would suggest that there is actually a decreased risk of inadvertent disclosure with respect to long-time patent prosecution counsel.

<sup>149</sup> Lengthy service by patent counsel would be more relevant to the issue of hardship arising from the disqualification of long-time patent counsel. *E.g.*, *Greenstreak Group, Inc. v. P.N.A. Const. Techs., Inc.*, 251 F.R.D. 390, 391 (E.D. Mo. 2008) (“[A prosecution bar] would work a hardship on defendant in view of its longtime representation by the counsel in question as both patent counsel and litigation counsel.”);

Next, the *Presidio* court relied on the generalization that patent counsel would be making “decisions involving scope and emphasis” in patent prosecution.<sup>150</sup> The *Sibia* court, however, expressly rejected relying on “whether counsel was involved in ‘decisions of scope and emphasis’ [in patent prosecution]” as a basis for finding competitive decisionmaking.<sup>151</sup>

The *Presidio* court then relied on statements apparently taken from general advertising and marketing materials, such as “receiving input from the client on possible new directions for the technology so that the patent protection can also be steered in those same directions.”<sup>152</sup> From this, the court concluded that *Presidio*’s patent counsel could be expected “to discuss new directions for *Presidio*’s technology.”<sup>153</sup> The advertisement, however, only stated that patent counsel would be “receiving input from the client on possible new directions for the technology,”<sup>154</sup> and not that patent counsel would be suggesting any new directions for where the client should develop its technology.<sup>155</sup> Patent counsel typically does not advise clients on how to develop technology. In practice, it is more like a one-way street where the client decides how to develop its technology, in view of its business needs, and patent counsel attempts to obtain patent coverage consistent with that decision.<sup>156</sup>

On the third point, the *Presidio* court found that there were “some indicia” that *Presidio* was at risk of inadvertently misusing confidential information because “*Presidio* concedes that its patent prosecutors should not have access to all of ATC’s highly confidential information.”<sup>157</sup> A party, however, may agree to a prosecution bar, not because of any concern that its patent counsel will inadvertently misuse the information, but to avoid potential charges of inequitable conduct for not disclosing such information to the U.S. Patent and Trademark Office (“USPTO”) during prosecution of other patent

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*Avocent Redmond Corp. v. Rose Elecs., Inc.*, 242 F.R.D. 574, 579 (W.D. Wash. 2007) (finding a prosecution bar would impose a substantial hardship because patent counsel has represented Avocent for many years in both patent prosecution and litigation matters).

<sup>150</sup> *Presidio*, 546 F. Supp. 2d at 958.

<sup>151</sup> *Sibia Neurosciences*, 1997 U.S. Dist. LEXIS 24130 at \*26; see also *In re Sibia Neurosciences, Inc.*, No. 525, 1997 WL 688174, at \*3 (Fed. Cir. Oct. 22, 1997) (“[D]enying access to . . . outside counsel on the ground that they also prosecute patents . . . is the type of generalization counseled against in *U.S. Steel*.”).

<sup>152</sup> *Presidio*, 546 F. Supp. 2d at 959. But see *Avocent II*, 85 Fed. Cl. 640, 645 (Fed. Cl. 2009) (“[T]he fact that Avocent’s attorneys ‘tout’ that they work closely with their clients to achieve their client’s business goals merely states the obvious; this is not evidence of competitive decision-making.”).

<sup>153</sup> *Presidio*, 546 F. Supp. 2d at 959.

<sup>154</sup> *Id.* But see *Greenstreak*, 251 F.D.R. at 391 (“[T]he standard is not counsel’s regular contact with a client’s competitive decisionmakers, but the attorney’s own ‘advice and participation’ in such decisionmaking.” (citing *Matsushita Elec. Indus. Co. v. United States*, 929 F.2d 1577, 1580 (Fed. Cir. 1991))); *Caterpillar, Inc. v. Detroit Diesel Corp.*, No. 95-489, 1996 U.S. Dist. LEXIS 20575, at \*8 (N.D. Ind. Jan. 5, 1996) (“The court cannot find a likelihood of inadvertent disclosure based on the fact that people interact.”).

<sup>155</sup> Patent counsel may sometimes advise a client on whether a proposed design will infringe the patent rights of another. See, e.g., *Caterpillar*, 1996 U.S. Dist. LEXIS 20575, at \*9.

<sup>156</sup> See *Greenstreak*, 251 F.D.R. at 391 (holding the “expected” tasks of patent prosecution, such as participating in decisions as to the scope of protection, do not fall within competitive decisionmaking).

<sup>157</sup> *Presidio*, 546 F. Supp. 2d at 959.

applications.<sup>158</sup> In the end, the *Presidio* court did not distinguish *Sibia* so much as it relied on subsequent case law to discount *Sibia* based on an apparent presumption that patent prosecution inherently amounts to competitive decisionmaking.

A patent prosecution bar is often presented as merely requiring patent counsel to make a choice—either litigate the patents at issue, or prosecute patents in the family of patents at issue, but not both.<sup>159</sup> Such restrictions on a party’s right to choose counsel should not be adopted as a matter of course.<sup>160</sup> Under *U.S. Steel*, the inclusion of a patent prosecution bar in a protective order must be based on facts assessed, on a counsel-by-counsel basis, as to whether each patent attorney in question is involved in competitive decisionmaking.<sup>161</sup>

#### IV. TWO SEPARATE PROSECUTION CONCERNS

Two concerns about patent prosecution are often cited in the *Motorola* line of cases for justifying a prosecution bar. First, that a patent attorney will inadvertently misappropriate and use a competitor’s confidential information when drafting a patent application. Second, that a patent attorney will later inadvertently amend patent claims in an already filed application to cover a product or method disclosed in the competitor’s confidential information. Neither concern is well-founded.

##### A. Patent Application Drafting

As previously discussed, a patent attorney drafts a patent application with sufficient detail for the inventor to meet the legal disclosure requirements under the patent laws.<sup>162</sup> The patent attorney also drafts the patent claims as broadly as would be permitted by the known prior art.<sup>163</sup> This is supported by the patent counsel’s assertion in *Sibia* that “[w]e basically receive information from inventors and we make sure that that information is protected to . . . the [full] scope of the law as best we can, so our work goes into basically making sure that the invention once made is properly protected by patent.”<sup>164</sup>

Contrary to the *Motorola* court’s colorful reference to the “sisyphean task” of having to separate “untainted” ideas from “tainted” ideas, a patent attorney drafting a

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<sup>158</sup> See *infra* Section V.A.3.

<sup>159</sup> See *Presidio*, 546 F. Supp. 2d at 958.

<sup>160</sup> *Interactive Coupon Mktg. Group, Inc. v. H.O.T! Coupons LLC.*, No. 98-7408, 1999 U.S. Dist. LEXIS 12437, at \*8 (N.D. Ill. Aug. 9, 1999).

<sup>161</sup> *U.S. Steel Corp. v. United States*, 730 F.2d 1465, 1468 (Fed. Cir. 1985).

<sup>162</sup> See *supra* Section III.B.1; see also RONALD D. SLUSKY, *INVENTION ANALYSIS AND CLAIMING: A PATENT LAWYER’S GUIDE* 214 (2007) (“Whatever the [claim language], it needs to find support in the specification.”).

<sup>163</sup> *E.g.*, STEVEN A. BECKER, *PATENT APPLICATION HANDBOOK* § 2.1 (2008) (“The first claim should be the broadest you believe to be patentable over the prior art.”).

<sup>164</sup> *Sibia Neurosciences, Inc. v. Cadus Pharm. Corp.*, No. 96-1231, 1997 U.S. Dist. LEXIS 24130, at \*10 (S.D. Cal. Jul. 14, 1997) (quoting Cadus’ patent counsel from an earlier hearing before the magistrate judge).



patent application for an invention that has already been “invented” by the inventor without access to such “tainted” ideas, should be able to avoid inadvertent disclosure without a significant amount of introspection. The role of the patent attorney is not to “invent,” and patent drafting is not inherently vulnerable to inadvertent disclosure.<sup>165</sup>

## B. Patent Claiming

Patent claims may not be amended or added during prosecution to cover subject matter not already disclosed in the original patent application.<sup>166</sup> Such unsupported claims would be either objected to as containing new matter under 35 U.S.C. § 132, or rejected under 35 U.S.C. § 112, first paragraph, for failing to provide a sufficient disclosure of the invention.<sup>167</sup> It is a fundamental tenet that subject matter cannot be claimed for patent protection unless it is fully disclosed in the patent application.<sup>168</sup> Thus, the scope of any claim that could be added or amended would necessarily be limited to what was disclosed in the originally filed application. In light of the realities of patent prosecution, knowledge of the disclosing party’s confidential information would not allow the receiving party to obtain a patent claim that is not fully supported by the disclosure of its originally filed patent application. The ability to draft or amend claims to read on a competitor’s product is limited by the invention actually disclosed in that patent application.<sup>169</sup>

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<sup>165</sup> Although inadvertent disclosure is the focus of the analysis, the courts are also concerned about intentional misuse. For example, in *Eagle Comtronics, Inc. v. Arrow Comm’n Lab., Inc.*, 305 F.3d 1303, 1311, 1314 (Fed. Cir. 2002), the Federal Circuit found an “egregious” violation of a protective order where a party receiving a pending patent application under the protective order believed that the disclosed invention had actually been invented by its employee, and “to protect [its] interests,” filed a copy of the application with the USPTO as its own. Patent applications are preserved in secrecy until either the patent issues or the application is otherwise published by the USPTO, and “[b]reaches of this secrecy undermines the integrity of the patent system.” *Id.* at 1314. Moreover, copying a competitor’s patent application obtained through discovery and submitting it as its own “for whatever reason” was not using the material for purposes of the litigation. *Id.* The Federal Circuit held that this conduct amounted to clear and convincing evidence needed to hold the receiving party in civil contempt of court and thus subject to sanction. *Id.*

<sup>166</sup> See *Avocent Redmond Corp. v. Rose Elecs., Inc.*, 242 F.R.D. 574, 579 (W.D. Wash. 2007).

<sup>167</sup> See 35 U.S.C. § 112 (2006) (“The specification shall contain a written description of the invention, . . . in such full, clear, concise, and exact terms as to enable any person skilled in the art . . . to make and use the same . . . .”); 35 U.S.C. § 132(a) (2006) (“No amendment shall introduce new matter into the disclosure of the invention.”).

<sup>168</sup> *Univ. of Rochester v. G.D. Searle & Co.*, 358 F.3d 916, 922 (Fed. Cir. 2004) (“The ‘written description’ requirement [of Section 112] serves a teaching function, as a ‘quid pro quo’ in which the public is given ‘meaningful disclosure in exchange for being excluded from practicing the invention for a limited period of time.’” (quoting *Enzo Biochem, Inc. v. GenProbe Inc.*, 323 F.3d 956, 970 (Fed. Cir. 2002))); see also *Lockwood v. Am. Airlines, Inc.*, 107 F.3d 1565, 1572 (Fed. Cir. 1997) (“It is the disclosures of the applications that count. Entitlement to a filing date does not extend to subject matter which is not disclosed, but would be obvious over what is expressly disclosed.”).

<sup>169</sup> The prosecution of continuation applications of the patents-in-suit has been cited as a concern by some courts. See *Phoenix Solutions, Inc. v. Wells Fargo Bank, N.A.*, 254 F.R.D. 568, 580 (N.D. Cal. 2008) (“The court is well aware that continuation applications allow patentees and their prosecution counsel the opportunity to monitor the marketplace and respond by drafting and prosecuting claims that cover discovered activities.”). *But see Avocent*, 242 F.R.D. at 579 (noting that a patent application “is limited in its continuation applications to claimed subject matter disclosed in the original patent”). If an invention

Unfortunately, many of the decisions condoning a prosecution bar appear to simply accept the rhetoric of *Motorola* (regarding the “sisyphean task” of compartmentalizing ideas in patent prosecution) and *Mikohn* (describing patent prosecution as being “intensely competitive”). Instead of analyzing the actual facts and circumstances of the patent attorney’s prosecution practice as required by *U.S. Steel*, the courts in these cases appear predisposed to find that patent prosecution is inherently a competitive decisionmaking activity in general.

## V. SCOPE AND DURATION CONSIDERATIONS

In the face of the analysis arising from the *Motorola* line of cases and the uneven application of *U.S. Steel*’s competitive decisionmaking analysis with respect to patent prosecution, a practical tactic in litigation may be to seek a compromise on the scope and duration of a patent prosecution bar in a stipulated protective order in order to expedite discovery.<sup>170</sup>

### A. Scope of Information Giving Rise to a Prosecution Bar

The scope of information that should trigger the heightened protection of a patent prosecution bar is a critical threshold issue. It should be drawn narrowly—especially in view of the practical problems associated with the tendency of litigation counsel to over-designate information produced in discovery as being highly confidential. Protective orders often include two different levels of confidentiality: first, a standard “confidential” level for non-public documents to which in-house counsel and other selected persons may have access; and, second, a “highly confidential” or “outside attorneys only” designation to which only outside counsel and experts may have access. Unfortunately, the highest level of confidentiality provided for in a protective order often becomes the default designation in practice.<sup>171</sup> Not every “highly confidential” document should give rise to a patent prosecution bar.

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was independently conceived and disclosed in a patent application, then the inventor has every right to claim it. If the invention disclosed in the continuation patent application does not have those features, then the issue is moot.

<sup>170</sup> Unfortunately, some courts have interpreted a party’s proposed compromise for a prosecution bar as a concession by that party that an even broader prosecution bar is warranted. *See* *Presidio Components, Inc. v. Am. Technical Ceramics Corp.*, 546 F. Supp. 2d 951, 959 (S.D. Cal. 2008); *cf.* *Document Generation Corp. v. Allscripts, LLC*, No. 08-479, 2009 WL 1766096, at \*2 (E.D. Tex. Jun. 23, 2009) (“[T]he Court recognizes that prosecution bars are common in patent infringement cases.”).

<sup>171</sup> Courts have often admonished, and sometimes sanctioned, parties for over-designating discovery materials as confidential. *See* *Defazio v. Hollister, Inc.*, No. 04-1358, 2007 WL 2580633, at \*2 n.2 (E.D. Cal. Sept. 5, 2007) (noting the informal litigator’s rule, “when in doubt, designate it,” which leads to the very real specter of over-designation of “attorneys’ eyes only” information); *Humphreys v. Regents of Univ. of Cal.*, No. 04-03808, 2006 WL 3302444, at \*5 (N.D. Cal. Nov. 14, 2006) (stating that improperly designating documents as confidential places an enormous burden on the parties); *THK Am., Inc. v. NSK Co.*, 157 F.R.D. 637, 641 (N.D. Ill. 1994) (admonishing that the “Attorneys’ Eyes Only” designation should not be the most frequently used designation); *Quotron Sys., Inc. v. Automatic Data Processing, Inc.*, 141 F.R.D. 37, 40 (S.D.N.Y. 1992) (ordering Defendant to reclassify documents improperly designated as “Highly Confidential”).

## 1. Highly Sensitive Technical Information

A prosecution bar should only apply to a limited subset of highly confidential information, namely unpublished patent applications and ongoing research and development for future products. By way of example, in *Infosint S.A. v. H. Lundbeck A.S.*, the Southern District of New York noted that the prosecution bar would deny patent counsel access to “pending patent applications, current manufacturing processes, and ongoing research and development.”<sup>172</sup>

A three tier protective order may be appropriate because “highly confidential” or “outside attorneys only” information is not necessarily limited to unpublished patent applications and ongoing research and development for future products. For instance, the Northern District of Illinois in *Cummins-Allison Corp. v. Glory Ltd.* created a classification of prosecution-sensitive information that was a narrow subset of the information already classified as “highly confidential” under the court’s protective order.<sup>173</sup> This narrow subset included non-public patent applications and research and development activities concerning current or future products.<sup>174</sup> Accordingly, the protective order was amended to have three levels of protection: a standard “confidential” designation, a “highly confidential” designation, and a separate “patent prosecution” designation for a subset of “highly confidential” information.<sup>175</sup>

At a minimum, this prosecution-sensitive subset of highly confidential information should not include material that would not otherwise qualify as a trade secret. According to the Uniform Trade Secrets Act, a “trade secret” is the following:

[I]nformation, including a formula, pattern, compilation, program device, method, technique, or process, that: (i) derives independent economic value, actual or potential, from not being generally known to, and not being readily ascertainable by proper means by, other persons who can obtain economic value from its disclosure or use, and (ii) is the subject of

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<sup>172</sup> *Infosint S.A. v. H. Lundbeck A.S.*, No. 06-2869, 2007 WL 1467784, at \*5 (S.D.N.Y. May 16, 2007); *see also* *Cummins-Allison Corp. v. Glory Ltd.*, No. 02-7008, 2003 U.S. Dist. LEXIS 23653, at \*2–3 (N.D. Ill. Jan. 2, 2004) (noting prosecution bar only applied to a narrow subset of highly confidential information, namely “non-public patent applications and related communications or design or to research and development activities concerning current or future products”). *But see* *Presidio Components, Inc. v. Am. Technical Ceramics Corp.*, 546 F. Supp. 2d 951, 955–958 (S.D. Cal. 2008) (refusing to limit a prosecution bar to “unreleased or future products, ongoing research and development and unpublished pending patent applications” because the defendant claimed that it used the research and development related to the accused product for ongoing research and development). While research and development often does build upon prior work, it was not explained how knowledge of prior work on developing the accused product would enable one to know the content and direction of subsequent research and development of a future product. Confidential information concerning products already publicly released and in the marketplace should be less technologically sensitive, and generally should not trigger a prosecution bar.

<sup>173</sup> *Cummins-Allison Corp.*, 2003 U.S. Dist. LEXIS 23653 at \*2–4.

<sup>174</sup> *Id.* at \*2–3. However, confidential information concerning products already publicly released into the marketplace should be less technologically sensitive, and generally should not trigger a prosecution bar.

<sup>175</sup> *Id.* at \*37–38.

efforts that are reasonable under the circumstances to maintain its secrecy.<sup>176</sup>

For example, information regarding the manufacturing tolerances for a product could be considered confidential by a party, but otherwise may not rise to the level of a “trade secret” that would trigger a patent prosecution bar. Conversely, while a confidential customer list could be considered a trade secret, it certainly is not the type of technical information that should trigger a patent prosecution bar upon its receipt. A prosecution bar would also seem inappropriate where the protected information could be obtained through reverse-engineering of a product.<sup>177</sup> On the other hand, the particulars of a proprietary manufacturing technique could be a trade secret justifying a prosecution bar, depending on the facts of a given case. However, the need for a prosecution bar would be undercut if the confidential technical information is no longer being actively used by the disclosing party, so that the information would be stale or would quickly become stale. The scope of prosecution-sensitive information should be based on a careful examination of the particulars such as the market, the parties, and the technology of a given case, but in general, should be limited to technical information concerning unreleased products.

## 2. Financial Information Should Not Trigger a Prosecution Bar

Courts that have imposed a prosecution bar for information having the highest level of confidentiality (often denoted as “highly confidential”) may have inadvertently swept in financial information because “highly confidential” information is often defined in protective orders to include financial information as well as technical information. It is important that the universe of confidential information that is to be subject to a prosecution bar be defined narrowly to include only technical information, and not financial information. Sales data and business forecasts simply do not raise the same concerns as technological information for patent prosecution.<sup>178</sup> Indeed, financial information typically is not considered by patent attorneys when formulating patent claim strategies and amendments, and is also unlikely to be considered material to patentability under the USPTO’s duty of disclosure requirement.<sup>179</sup> Moreover, clients typically do not

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<sup>176</sup> Uniform Trade Secrets Act. § 1(4) (1985); *see also* Fed. R. Civ. P. 26(c)(1)(G) (“The court may . . . issue an order . . . requiring that a trade secret or other confidential research, development, or commercial information not be revealed or be revealed only in a specified way.”).

<sup>177</sup> *See* *Davis v. AT&T Corp.*, No. 98-0189, 1998 U.S. Dist. LEXIS 20417, at \*7 (W.D.N.Y. Dec. 23, 1998) (applying a prosecution bar to information that “cannot be ascertained through use of products or ‘reversed-engineered’”).

<sup>178</sup> *See* *Safe Flight Instrument v. Sundstrand Data Control*, 682 F. Supp. 20, 22 (D. Del. 1988) (“[C]ourts often afford fuller protection to technological information than that extended to ordinary business information.”).

<sup>179</sup> While financial information may be used as objective indicia of non-obviousness in favor of patentability, it is unlikely to either establish a prima facie case of unpatentability of a claim or refute patentability. *See* 37 C.F.R. § 1.56 (2009) (implying the duty of disclosure does not apply to information that is consistent with the applicant’s arguments in favor of patentability). The plaintiffs in *Motorola* had argued that patent attorneys “can make the claims read on new products and new directions where we project sales to be most critical,” but the *Motorola* court did not endorse this speculative argument, which assumes intentional misuse of financial information. *Motorola, Inc. v. Interdigital Tech. Corp.*, No. 93-488,

seek advice from patent attorneys on such non-legal matters as sales, marketing, pricing, or business forecasts. Typically, sales and marketing decisions are made independently by the client. Ordinarily, patent counsel are not involved and would have no input on sales projections or marketing plans for their clients. Thus, competitor sales or marketing information are unlikely to inadvertently flow back to the client.

### 3. Duty of Disclosure to USPTO

Patent attorneys have a duty to disclose information material to patentability for applications they are prosecuting before the USPTO.<sup>180</sup> Failure to disclose such information may be asserted as grounds for inequitable conduct.<sup>181</sup> One benefit of a prosecution bar is that it can insulate a patent attorney from charges of inequitable conduct because the protective order would prevent him or her from having access to the protected information.<sup>182</sup> However, as discussed above, some classes of confidential technical information should not give rise to a prosecution bar, and this confidential information may still trigger the duty of disclosure to the USPTO for pending patent applications.<sup>183</sup>

For confidential information not the subject of a prosecution bar, Section 724, et seq., of the USPTO's Manual of Patent Examining Procedure (MPEP), describes a procedure under which a patent attorney may submit such protected information to the USPTO under seal as "Subject To Protective Order."<sup>184</sup> If the information is found by the USPTO to not be material, a petition to expunge the protected information may also be filed. However, if the information is deemed material to patentability, the information will become available to the public upon the issuance of the application.<sup>185</sup> This

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1994 WL 16189689, at \*4 (D. Del. Dec. 19, 1994). Even if an attorney was willing to intentionally misuse a competitor's financial forecasts, without access to the underlying technical details of unreleased products, attempts to draft claims to cover such new products would be as ineffective as throwing darts in the dark.

<sup>180</sup> *E.g.*, *Molins PLC v. Textron, Inc.*, 48 F.3d 1172, 1178 n.6 (Fed. Cir. 1995); *see also* 37 C.F.R. § 1.56 (2009). Information is material to patentability if it is "not cumulative," and either "establishes, by itself or in combination with other information, a prima facie case of unpatentability of a claim; or . . . refutes, or is inconsistent with, a position the applicant takes" regarding patentability. 37 C.F.R. § 1.56(b).

<sup>181</sup> *E.g.*, *Molins*, 48 F.3d at 1178.

<sup>182</sup> *See* *Arthrocare Corp. v. Smith & Nephew, Inc.*, 310 F. Supp. 2d 638, 676–77 (D. Del. 2004) (explaining that no inequitable conduct existed with the failure to disclose information because a protective order entered in a prior case had prevented the persons involved in prosecuting the patent application from accessing that protected information).

<sup>183</sup> While information concerning the product accused of infringing the patent-in-suit likely would not be considered prior art to a continuation application claiming priority to the patent-in-suit, that information could be prior art to later-filed applications and may be subject to the duty of disclosure in connection with those later-filed applications.

<sup>184</sup> U.S. PATENT & TRADEMARK OFFICE, U.S. DEP'T OF COMMERCE, MANUAL OF PATENT EXAMINING PROCEDURE § 724.02 (8th ed., 7th rev. 2008) [hereinafter MPEP], *available at* <http://www.uspto.gov/web/offices/pac/mpep/mpep.htm>; *see also* USPTO, Official Gazette Notices, Procedure for Filing Information (May 18, 2004), <http://www.uspto.gov/web/offices/com/sol/og/2004/week20/patinfo.htm> (discussing the operation of MPEP § 724.02, and noting that if information is not submitted in compliance with MPEP § 724.02, the information will be scanned along with the application into the Image File Wrapper ("IFW") system and that once information is included in the IFW system, it will only be permanently deleted for national security concerns).

<sup>185</sup> MPEP, *supra* note 184, § 724.04.

represents the USPTO's attempt "to minimize the potential conflict between full disclosure of 'material' information . . . and protection of trade secret, proprietary, and protective order material to the extent possible."<sup>186</sup> Notwithstanding its limitations, this MPEP provision at least provides a mechanism for a prosecuting patent attorney to meet his or her duty of disclosure to the USPTO with respect to confidential information.

Furthermore, a protective order often will limit the use of confidential information to the litigation in which the protective order is entered, which may not include submissions to the USPTO in connection with patent prosecution. Therefore, the protective order should include an express provision for appropriate disclosure under seal to the USPTO of confidential information that is not subject to a prosecution bar.

## B. Scope of Activities Under a Prosecution Bar

The scope and definition of "prosecution" activities affected by a prosecution bar is another issue to consider. Some courts have held that a patent prosecution bar should only apply to activities such as drafting patent applications, claim language for patent applications, or arguments made in support of patent applications.<sup>187</sup> Other courts have applied a patent prosecution bar more broadly to further include "providing advice, counsel or suggestion regarding, or in any other way influencing, claim scope and/or language, embodiment(s) for claim coverage, claim(s) for prosecution, or products or processes for coverage by claim(s)."<sup>188</sup> Such a prohibition against providing advice regarding "claim scope and/or language," however, appears overly broad and could be interpreted as prohibiting the attorney from even giving an opinion about whether an issued patent is infringed by another competitor's product.

Several courts have also addressed whether working on a reexamination should also be prohibited by a prosecution bar.<sup>189</sup> Given that the patent claims may only be narrowed in reexamination, the ostensible concerns giving rise to a prosecution bar are lessened.<sup>190</sup> But in *Visto Corp. v. Seven Networks*, the Eastern District of Texas held that participation in a reexamination fell within the scope of prohibited activities for a prosecution bar.<sup>191</sup> The protective order prohibited "prosecution of any new or currently pending patent applications that bear a reasonable relationship to patents which are the subject matter of this litigation," and the court held that even though the claims could only be narrowed in a reexamination, the same prosecution-based concerns for

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<sup>186</sup> *Id.* § 724.01.

<sup>187</sup> *E.g.*, *Medtronic, Inc. v. Guidant Corp.*, Nos. 00-1473, 00-2503, 2001 WL 34784493, at \*5 (D. Minn. Dec. 20, 2001).

<sup>188</sup> *Chan v. Intuit, Inc.*, 218 F.R.D. 659, 661 (N.D. Cal. 2003).

<sup>189</sup> *See Visto Corp. v. Seven Networks*, No. 03-333, 2006 WL 3741891 (E.D. Tex. Dec. 19, 2006); *Kenexa Brassring, Inc., v. Taleo Corp.*, No. 07-521, 2009 WL 393782, at \*2 (D. Del. Feb. 18, 2009).

<sup>190</sup> *See Document Generation Corp. v. Allscripts LLC*, No. 08-479, 2009 WL 1766096, at \*2 (E.D. Tex. Jun. 23, 2009) ("The bulk of recent cases, [analyzing this issue], have determined that the confidentiality concerns cited by Defendant[s] are mitigated by the nature of the reexamination process." (quoting *Crystal Image Tech., Inc. v. Mitsubishi Elec. Corp.*, No. 08-307, 2009 WL 1035017, at \*2 (W.D. Pa. Apr. 17, 2009))).

<sup>191</sup> *Visto Corp.*, 2006 WL 3741891, at \*7.

establishing a prosecution bar still applied.<sup>192</sup>

The District of Delaware, however, came to the opposite conclusion in *Kenexa Brassring, Inc., v. Taleo Corp.*<sup>193</sup> Similar to the *Visto* case, the protective order in *Kenexa* stated that the receiving party “shall not prepare or prosecute, or assist in the preparation or prosecution of, any patent application” relating to the technology at issue in the litigation.<sup>194</sup> The court held that the language “any patent application” in the protective order did not include reexamination proceedings.<sup>195</sup> In particular, the defendant’s confidential information was “basically irrelevant to the reexamination [of the plaintiff’s patents]” because reexamination involves only the patent and the prior art.<sup>196</sup> “In addition, because defendant filed the request for an *inter partes* reexamination of one of plaintiff’s patents-in-suit, the reexamination is ‘part and parcel of the instant case.’”<sup>197</sup> The decision in *Kenexa* appears to represent the better view, where reexamination typically should not be subject to a prosecution bar, especially for a reexamination of the patent-in-suit requested by the disclosing party.

In addition to defining the proper scope of “prosecution” activities to be prohibited under a patent prosecution bar, attention should be also given to defining the technical “field” covered by a prosecution bar. An overly broad definition would unduly curtail the patent attorney’s livelihood or prevent the party from having access to its patent attorney in connection with other matters.

### C. The Limited Duration of a Prosecution Bar

The need for a prosecution bar diminishes over time as the protected information becomes stale and outdated. Thus, a patent prosecution bar should only run for a limited duration of time. A one-year period for a patent prosecution bar, running from the disclosure of the protected information, may be appropriate in view of the one-year statutory bar for patentability.<sup>198</sup>

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<sup>192</sup> *Id.* But see *Document Generation*, 2009 WL 1766096, at \*2 (“Because the reexamination process prohibits claim amendments that would enlarge the scope of the initial patent, Defendants’ fears of expanded claim scope coverage are largely misplaced.”).

<sup>193</sup> *Kenexa*, 2009 WL 393782, at \*2.

<sup>194</sup> *Id.* at \*1.

<sup>195</sup> *Id.* at \*2.

<sup>196</sup> *Id.* (citing *Hochstein v. Microsoft Corp.*, No. 04-73071, 2008 WL 4387594 (E.D. Mich. Sept. 24, 2008)). Compare ROBERT GREENE STERNE, ET AL., REEXAMINATION PRACTICE WITH CONCURRENT DISTRICT COURT OR USITC PATENT LITIGATION 9 (2008), available at <http://www.skgf.com/media.php?NewsID=472> (“As a general matter, no party having access to another party’s highly confidential technical information under a protective order should be allowed to draft or supervise the drafting of pending claims in applications or claims under reexamination in the same technical space.”), with *Kenexa*, 2009 WL 393782, at \*2 n.3 (“The court disagrees with that article’s statement.”).

<sup>197</sup> *Kenexa*, 2009 WL 393782, at \*2 (citing *Hochstein*, 2008 WL 4387594 at \*3). In *Hochstein*, the court granted leave to permit *Hochstein*’s litigation counsel to assist another patent attorney in responding to art-based rejections in a reexamination of the patent-in-suit that apparently had been initiated by the defendant. *Hochstein*, 2008 WL 4387594, at \*4.

<sup>198</sup> See 35 U.S.C. § 102(b) (2006).

The shelf-life of such information may depend on the particulars of the market and the technology, but it should not depend on the length of the litigation. Yet courts routinely set a duration of one or two years for a prosecution bar running from the exhaustion of any appeals instead of the date the information was disclosed in discovery.<sup>199</sup> Notably, however, these cases were focused more on whether a prosecution bar should even be included in a protective order, and rarely addressed the appropriate duration for such a bar.

There is no logical reason for the time period to run from the exhaustion of all appeals in the litigation. It is not uncommon for patent litigation to last for many years before all appeals are exhausted,<sup>200</sup> which would result in a prosecution bar that is effectively several times longer than its nominal one or two year duration.<sup>201</sup> The potentially long duration of such a prosecution bar also could be prejudicial to the patent attorney as well as the client.<sup>202</sup> The length of time to exhaust all appeals is not relevant to the technology or any patent prosecution concerns, and should not be a basis for extending the duration of a patent prosecution bar.

Instead, the period of a prosecution bar should run from the date the protected confidential information was disclosed in discovery. But because confidential information is often produced at different dates throughout the discovery period, it may be easier and more convenient to have the period of the patent prosecution bar begin after the end of fact discovery, as a stand-in for the various different disclosure dates in discovery. If the case should settle before the end of discovery, the date of settlement could be used as the start date for a prosecution bar's limited duration. Another alternative date instead of the end of discovery is the entry of a final judgment, which would allow for the possibility that a party might disclose additional confidential technical information after the close of fact discovery.<sup>203</sup> But having a prosecution bar run until one year after a non-appealable judgment could add several years to the bar for reasons completely unrelated to the technology or the parties' confidential commercial objectives.

One rationale for tying the duration of a prosecution bar to the exhaustion of

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<sup>199</sup> See, e.g., *Interactive Coupon Mktg. Group, Inc. v. H.O.T! Coupons LLC*, No. 98-7408, 1999 U.S. Dist. LEXIS 12437, at \*4 (N.D. Ill. Aug. 9, 1999).

<sup>200</sup> See, e.g., *Festo Corp. v. Shoketsu Kinzoku Kogyo Kabushiki Co.*, 493 F.3d 1368, 1368–69 (Fed. Cir. 2007). The *Festo* case had been filed in the District of Massachusetts in 1988, and its final appeal was decided in 2007, nearly twenty years later.

<sup>201</sup> In the oral argument for *In re Deutsche Bank Trust Co. Am.*, No. M920 (Fed. Cir. Jan. 12, 2010), the panel expressed skepticism that the proposed duration of two years on top of possibly years of litigation was reasonable. Audio Recording of Oral Argument, *In re Deutsche Bank Trust Co. Am.*, No. M920 (Fed. Cir. Jan. 12, 2010), available at <http://oralarguments.cafc.uscourts.gov/mp3/2010-M920-1.mp3>.

<sup>202</sup> *Island Intellectual Property LLC v. Promontory Interfinancial Network LLC*, 92 U.S.P.Q.2d 1475, 1477 (S.D.N.Y. 2009) (“To prevent Mr. Macedo from being involved in plaintiffs’ future patent prosecution efforts for many years (defendants seek a patent prosecution bar while this case, including appeals, is pending, plus two years thereafter) also would highly prejudice plaintiffs (and Mr. Macedo himself, to the extent it would reduce his ability to earn a living).” (internal citations omitted)).

<sup>203</sup> Cf. *Chan v. Intuit, Inc.*, 218 F.R.D. 659, 662 (N.D. Cal. 2003) (holding prosecution bar was limited to two years after the end of trial).



appeals in litigation may be to account for the potential situation in which a case on appeal is later remanded back to the district court where further discovery may take place. Such post-appeal discovery after remand would likely be limited to financial information for an accounting of damages which, for the reasons already discussed, should not implicate a patent prosecution bar. In the unlikely event that “new” technical information is part of such post-appeal discovery, the producing party can seek additional protection in a separate protective order to specifically address this atypical situation. The limited duration of a prosecution bar, however, should not be based on such speculative scenarios.

## VI. CONCLUSION

Inclusion of a prosecution bar against patent counsel in a protective order for patent litigation should be the exception rather than the rule. Such a bar may prevent a receiving party’s patent counsel from effectively participating in the litigation. Whether a prosecution bar should be included in a protective order must be based on the specific facts of a particular case. Moreover, because patent prosecution, by itself, should not be considered as involving decisions made in light of similar information about a competitor, a prosecution bar normally is not warranted.

The disclosing party may argue that a prosecution bar will avoid the need to specifically identify every attorney who could act as the receiving party’s patent counsel. But imposing a prosecution bar as a form of administrative convenience side-steps the need under *U.S. Steel* for a particularized showing of the need to deny a party’s counsel from access to confidential information. Indeed, the ostensible convenience of routinely applying a prosecution bar in a protective order would effectively amount to a *per se* prohibition against patent counsel in litigation, which would be contrary to the teachings of *U.S. Steel*.

Regrettably, the district courts’ application of the Federal Circuit’s *U.S. Steel* precedent has been uneven. Although the *Motorola* court took pains to distinguish itself from the typical situation where long-time patent prosecution counsel becomes involved in patent litigation, the line of cases superficially following *Motorola* have not heeded this distinction when imposing a prosecution bar almost as a matter of course. The *Sibia* and *Avocent* line of cases, on the other hand, promote a balanced and case-specific approach that does not presume patent prosecution to be a competitive decisionmaking activity. A protective order should not routinely include a prosecution bar as part of patent litigation, especially when balanced against the substantial prejudice and hardship that may result from denying a party its choice of counsel in patent litigation. Where a prosecution bar is to be imposed in a protective order, the type of information that would trigger a prosecution bar, and the duration of any such bar, should be narrowly defined and tailored to particularized concerns based on the actual facts of the case rather than on speculation and generalities.