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Is Litigation Counsel Who Also Engages in Competitive Decision-Making Wrong for the Part?

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ARTICLE

David Hricik

Is Litigation Counsel Who Also Engages in Competitive Decision-Making Wrong for the Part?*

Abstract. In-house counsel wear different hats, and are often involved in business decisions regarding products, marketing, and other strategic issues. It was in this context that courts began to adopt protective orders that precluded in-house counsel who provided their clients advice with “competitive decision-making” from having access to information from a competitor disclosed in discovery. Prosecution bars present numerous issues for courts and counsel. It may be that because of prosecution counsel’s knowledge of the technology that her service as trial counsel would lead to cost savings and other benefits to her client. However, due to the myriad problems that arise from having litigation counsel also engage in other activities, she may be wrong for the part. Only through careful analysis of the policies involved, and careful drafting of any protective orders can courts, clients, and counsel be sure of their casting decisions.

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* The title is from the song “Wrong for the Part,” from the CD “Self-Titled” by Wesley Stace (Yep Roc 2013).

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I. INTRODUCTION

In an age of specialization, it will be the exception when outside counsel who serves as litigation counsel provides strategic product design advice to that client. Trial lawyers ordinarily do not advise clients about product design, strategic business planning, or similar issues of competition. Thus, ordinarily, a litigator who represents a client in litigation and other matters is not likely to be able to use information obtained during discovery from opposing parties to further his client's business. Other lawyers who will not represent the client in litigation represent that client in product decisions and the like.

But in-house counsel often do wear these different hats, sometimes representing the client in myriad ways, and often also being involved in business decisions regarding products, marketing, and other strategic issues. It was in this context that courts began to adopt protective orders that precluded in-house counsel who provided their clients "competitive decision-making" advice from having access to information from a competitor disclosed in discovery, which could be misused in those other roles.¹

1. See *In re Deutsche Bank Trust Co. Ams.*, 605 F.3d 1373, 1378 (Fed. Cir. 2010) (explaining the contexts in which protective orders are used); *U.S. Steel Corp. v. United States*, 730 F.2d 1465,

More recently, courts concluded that lawyers who prosecute patents can under some circumstances inadvertently misuse information obtained from an opposing party during discovery.² While district courts often presumed virtually any involvement in any form of patent prosecution to be competitive decision-making, the Federal Circuit instead clarified that not all forms of patent prosecution allow for misuse of information.³ That decision adopted a fact-specific test and a burden-shifting approach to the issue.⁴ Despite adding some clarity, district courts have struggled with how to implement the Federal Circuit's admonition that not all patent prosecution is competitive decision-making.⁵ They have also struggled with whether other forms of patent-related activities, such as reexamination and reissue, present the same risks as original prosecution, and whether representing a patentee in licensing or strategic portfolio management implicates the concerns that justify precluding access to confidential discovery information.⁶ The recent enactment of the America Invents Act (AIA),⁷ and in particular its new forms of post-grant challenges, raises new issues for the courts and lawyers.

Of course, misuse of proprietary information is always a possibility; one that courts routinely deem is adequately addressed by a protective order restricting the use of information disclosed in discovery to the case in litigation.⁸ However, where the information is particularly sensitive and the lawyer is in a special position to misuse the information, even inadvertently, courts recognize that a simple prohibition against misuse of

1468 (Fed. Cir. 1984) (discussing the use of orders as a method to protect from disclosure of information).

2. See, e.g., *Deutsche Bank*, 605 F.3d at 1378–79 (stating that courts have recognized that there can be inadvertent disclosures, even when being careful to preserve information); *U.S. Steel*, 730 F.2d at 1467–68 (addressing the possibilities of inadvertent disclosure from in-house counsel).

3. *Deutsche Bank*, 605 F.3d at 1379.

4. *Id.* at 1380–81.

5. *Id.* at 1378–79 (discussing what constitutes competitive decision-making); *Intervet, Inc. v. Merial Ltd.*, 241 FRD 55, 55–56 (D.D.C. 2007) (analyzing various activities of the in-house counsel and concluding that the attorney was not a competitive decision-maker).

6. See *Intel Corp. v. VIA Techs., Inc.*, 198 F.R.D. 525, 531–32 (N.D. Cal. 2000) (evaluating whether to modify a protective order to allow in-house counsel access to confidential information); *Edisync Sys., LLC v. Adobe Sys., Inc.*, 12-CV-02231-MSK-MEH, 2013 U.S. Dist. LEXIS 20044, at *5–7, 2013 WL 561474, at *2 (D. Colo. Feb. 13, 2013) (discussing the issue of reexamination of activities in relation to the original prosecution bar).

7. Leahy-Smith America Invents Act, Pub. L. No. 112-29, 125 Stat. 284 (2011) (amending 35 U.S.C. to provide patent reform).

8. *Deutsche Bank*, 605 F.3d at 1378 (explaining that protective orders are used by courts to protect confidential information); *Intel*, 198 F.R.D. at 527–28 (stating that courts may use orders to help parties protect information).

the information is not enough.⁹ Instead, the opposing party may demand that the protective order provide that any person having access to highly confidential information be precluded from activities for clients where that information could, even inadvertently, be misused.¹⁰

Effectively, the inclusion of a so-called "prosecution bar" in a protective order gives the patent-prosecuting lawyer and his litigation client a choice: the lawyer can elect to represent that client in activities that present the risk of misuse, but if he does so, he will not be allowed access to especially sensitive information in the litigation. Thus, entry of a protective order denying access to critical information by those lawyers engaged in certain activities for their clients will effectively disqualify those lawyers from representing their clients in those other activities.¹¹

Balancing the interests of the lawyer, the opposing party, and the lawyer's client requires careful analysis by counsel and the courts. The courts must carefully determine whether and to what extent they bar litigators from access to discovery materials. Imposing a bar too frequently will unnecessarily drive up litigation expenses and deprive a party of qualified, educated counsel; on the other hand, permitting unfettered access by a lawyer to his client's competitor's most current and important product development information could result in inadvertent or even intentional misuse of the information during certain other activities.¹²

For these reasons, counsel must competently represent clients in obtaining or seeking to avoid prosecution bars. However, counsel must be careful in seeking access where inadvertent disclosure and misuse are likely to occur, because that could result in liability for misappropriation of trade

9. See *U.S. Steel*, 730 F.2d at 1468 (making a point that, even with inadvertent disclosure of information sometimes being predictable, a protective order to protect certain information will not always adequately forestall the disclosure); *Helferich Patent Licensing, LLC v. Suns Legacy Partners, LLC*, No. CV-11-02304-PHX-NVW, 2012 U.S. Dist. Lexis 172422, at *5–6, 2012 WL 6049746, at *1 (D. Ariz. Dec. 5, 2012) ("In order to protect against such inadvertent compromise, a court may issue a patent prosecution bar as part of a protection order.").

10. See, e.g., *Nazomi Commc'ns, Inc. v. Arm Holdings PLC*, No. C 02-02521-JF, 2002 U.S. Dist. LEXIS 21400, at *5–7, 2002 WL 32831822, at *2–3 (N.D. Cal. Oct. 11, 2002) (seeking also to prevent lawyers from negotiating licenses in the field), *vacated on other grounds*, 403 F.3d 1364 (Fed. Cir. 2005).

11. See *Deutsche Bank*, 605 F.3d at 1379–80 (stating that a court must assess all relevant facts surrounding counsel's activities in relation to prosecution in order to balance when attorneys will be exempted from prosecution laws); cf. *U.S. Steel*, 730 F.2d at 1468 (discussing circumstances in which denial of access to information by counsel can come about).

12. *Deutsche Bank*, 605 F.3d at 1380–81 (observing the interests and factors courts must assess in determining what level of protection is necessary to protect a client's interest); *U.S. Steel*, 730 F.2d at 1468 (holding that forcing the plaintiff to rely on new counsel at a later stage of litigation "would create extreme and unnecessary hardship").

secrets by the lawyer, his client, or both to the party that produced the information.¹³ A firm whose lawyers obtain confidential information during the discovery process from a non-client and whose lawyers represent that litigation client in closely related technology faces potential liability or allegations of unethical conduct for combining those roles.¹⁴ Foremost, an opposing party that produced confidential information during discovery to such a firm can assert that firm lawyers then used the opposing party's confidential information to benefit a firm client while prosecuting patents for him. Likewise, a lawyer may receive proprietary information during discovery that he could use to benefit a client in licensing negotiation, strategic portfolio development, or other forms of business planning. Finally, because participation by prosecution counsel in litigation may be in the client's interests, but subject the lawyer to potential liability, the lawyer's and client's interests may conflict to a certain degree.

After providing some background by discussing the development of competitive decision-making in the context of access by in-house counsel to discovery materials, this Article analyzes the cases' application of the doctrine in the context of the litigator representing the litigation client in other matters involving patents. It then provides guidance for lawyers to competently analyze the scope of prosecution bars and to confront any liability or ethical issues that such clients may raise.

II. DEVELOPMENT OF THE DOCTRINE OF COMPETITIVE DECISION-MAKING AND ITS EXTENSION FROM IN-HOUSE COUNSEL TO OUTSIDE LITIGATION COUNSEL

According to Federal Rule of Civil Procedure 26(c)(1), a "court may, for good cause, issue an order to protect a party or person from annoyance, embarrassment, oppression, or undue burden or expense, including . . . (G) requiring that a trade secret or other confidential research, development, or commercial information not be revealed or be revealed only in a specified way"¹⁵ It has been common for federal district courts to enter a protective order that limits the use and disclosure of

13. See *Deutsche Bank*, 605 F.3d at 1378–79 (discussing when it is possible for inadvertent disclosure to occur); *U.S. Steel*, 730 F.2d at 1468 (recognizing the risks of inadvertent disclosure).

14. See *Deutsche Bank*, 605 F.3d at 1380 (offering an opinion on the difficult decisions attorneys face as new information comes to light during litigation); cf. *Nazomi Commc'ns*, 2002 U.S. Dist. LEXIS 21400, at *5–6, 2002 WL 32831822, at *2 (analyzing the roles attorneys assume when prosecution bars are involved).

15. FED. R. CIV. P. 26(c)(1), (c)(1)(G).

information exchanged during discovery. Generally, a protective order prohibits use or disclosure of information beyond that necessary to prosecute the lawsuit.¹⁶ The general rule limiting information to use in the case is sufficient to protect against misuse of discovery information.¹⁷

Under some circumstances, however, courts have found a general prohibition against misuse to be insufficient protection because of the risk of even inadvertent misuse of information by the recipient.¹⁸ The exception to the general rule—that a provision limiting use to the litigation is insufficient—developed in the context of determining whether in-house counsel for a party in litigation could have access to confidential discovery materials.

Most of the time, of course, in-house counsel is in no real position to misuse information received from an opposing party. A lawyer representing a corporation in a breach of contract over delivery of a defective widget that his client needed to run his factory, à la *Hadley v. Baxendale*,¹⁹ is unlikely to learn anything that he can use against the opponent, largely because his client is not a competitor with, but a customer of, the opposing party.

However, courts have recognized that an in-house counsel who, in addition to representing his employer in the litigation, has responsibilities to his employer for product design, pricing, and similar competitive business activities should not have access to materials exchanged during discovery to the extent that the materials could be deliberately or

16. See generally Wayne F. Reinke, Comment, *Limiting the Scope of Discovery: The Use of Protective Orders and Document Retention Programs in Patent Litigation*, 2 ALB. L.J. SCI. & TECH. 175 (1992) (describing a protective order, its uses and its procedural effects).

17. See *In re Dell Inc.*, 498 F. App'x 40, 42 (Fed. Cir. 2012) (citing *In re Deutsche Bank Trust Co. Ams.*, 605 F.3d 1373, 1378 (Fed. Cir. 2010)) ("Protective order provisions that disallow the use of designated confidential information beyond the scope of the litigation typically are sufficient to ensure protection of sensitive business information."); see also *Edisync Sys., LLC v. Adobe Sys., Inc.*, No. 12-CV-02231-MSK-MEH, 2013 U.S. Dist. LEXIS 20044, at *7–9, 2013 WL 561474, at *2–3 (D. Colo. Feb. 13, 2013) (holding that although the party did not justify the bar, the court included a general provision limiting the use of information to the litigation); *Helferich Patent Licensing, LLC v. Suns Legacy Partners, LLC*, No. CV-11-02304-PHX-NVW, 2012 U.S. Dist. LEXIS 172422, at *12–13, 2012 WL 6049746, at *4 (D. Ariz. Dec. 5, 2012) (denying a broad prosecution bar, but granting a modification to the protective order to preclude the use of confidential information disclosed by the parties in future litigation before the U.S. Patent and Trademark Office).

18. See *Dell*, 498 Fed. App'x at 42 (citing multiple cases recognizing limited circumstances when a general prohibition against misuse is sufficient); *Deutsche Bank*, 605 F.3d at 1380 (discussing the split of authority regarding whether attorneys may be barred from sensitive discovery pertinent to the patents they are prosecuting).

19. *Hadley v. Baxendale*, 156 Eng. Rep. 145 (Ex. Ch. 1854).

inadvertently used in business-related activities.²⁰ A majority of courts hold that in-house counsel who are engaged in such competitive decision-making can be denied access to certain sensitive discovery.²¹

While the doctrine developed and seems well established in the context of in-house counsel receiving discovery materials, the scope of what constitutes competitive decision-making by in-house counsel remains unclear, particularly at the margins. For example, a court has held that the head of one corporation's intellectual property (IP) department was *not* engaged in competitive decision-making.²² Thus, although it is settled that in-house counsel who engage in competitive decision-making can be denied access to certain information, the contours of the definition of

20. *U.S. Steel Corp. v. United States*, 730 F.2d 1465, 1467–68 (Fed. Cir. 1984); *see* *Frank Brunckhorst Co. v. Ihm*, No. 11-1883 CAB (NLS), 2012 U.S. Dist. LEXIS 28152, at *4, *17, 2012 WL 684760 at *2, *5 (S.D. Cal. Mar. 2, 2012) (discussing counsel for a small corporation); *Barnes and Noble, Inc. v. LSI Corp.*, No. C 11-02709 EMC (LB), 2012 U.S. Dist. LEXIS 23103, at *17, 2012 WL 601806, at *5–6 (N.D. Cal. Feb. 23, 2012) (analyzing in-house patent prosecution and licensing counsel); *Infosint S.A. v. H. Lundbeck A.S.*, No. 06CIV2869LAKRLE, 2007 U.S. Dist. LEXIS 36678, at *18–19, 2007 WL 1467784, at *6 (S.D.N.Y. May 16, 2007) (determining whether in-house counsel engaged in competitive decision-making); *Affymetrix, Inc. v. Illumina, Inc.*, No. 04-901-JJF, 2005 U.S. Dist. LEXIS 15482, at *6–8, 2005 WL 1801683, at *2 (D. Del. July 28, 2005) (barring certain in-house lawyers from access); *Intel Corp. v. VIA Techs., Inc.*, 198 F.R.D. 525, 531–32 (N.D. Cal. 2000) (barring access); *Volvo Penta of the Ams, Inc. v. Brunswick Corp.*, 187 F.R.D. 240, 242–44 (E.D. Va. 1999) (granting access); *In re Indep. Serv. Orgs. Antitrust Litig.*, No. CIV. A. MDL-1021, 1995 U.S. Dist. LEXIS 4698, at *6–7, 1995 WL 151739, at *2 (D. Kan. Mar. 9, 1995) (allowing counsel access to discovery material); *News Am. v. Marquis*, No. CV 000177440S, 2000 Conn. Super. LEXIS 1273, at *1–2, 2000 WL 726821, at *1 (Conn. Super. Ct. May 3, 2000) (giving in-house counsel permission to view discovery materials).

21. *See Cytosport, Inc. v. Vital Pharm., Inc.*, No. CIV S-08-2632 FCDGGH, 2010 U.S. Dist. LEXIS 24637, at *13–14, 2010 WL 728454, at *4 (E.D. Cal. Mar. 2, 2010) (holding that in-house counsel engaged in competitive decision-making); *Braun Corp. v. Vantage Mobility Int'l, LLC*, 265 F.R.D. 330, 333 (N.D. Ind. Oct. 2009) (“The sole question is whether there is an unacceptable risk of or opportunity for ‘inadvertent disclosure’ of confidential information Involvement of the attorney in ‘competitive decision-making’ is *one* basis for limiting access to information.” (quoting *Autotech Techs. Ltd. v. Automationdirect.com, Inc.*, 237 F.R.D. 405, 408 (N.D. Ill. 2006))). *See generally* Louis S. Sorrell, *In-House Counsel Access to Confidential Information Produced During Discovery in Intellectual Property Litigation*, 27 J. MARSHALL L. REV. 657, 657 (1994) (“This article summarizes the current case law relating to in-house counsel access to confidential information produced during discovery in intellectual property litigation.”).

22. *Intervet, Inc. v. Merial Ltd.*, 241 F.R.D. 55, 55–56 (D.D.C. 2007); *see also* *F.T.C. v. Whole Foods Market, Inc.*, No. 07-1021 (PLF), 2007 U.S. Dist. LEXIS 53567, at *9–10, 2007 WL 2059741, at *3 (D.D.C. July 6, 2007) (imposing a \$250,000 penalty for violation of protective order as additional penalty to protect against misuse of confidences, despite being unable to find in-house counsel was a “competitive decision-maker”); *R.R. Donnelley & Sons Co. v. Quark, Inc.*, 2007 U.S. Dist. LEXIS 424, at *1–2, 2007 WL 61885, at *1–2 (D. Del. Jan. 4, 2007) (analyzing which in-house counsel were competitive decision-makers).

competitive decision-making are not clear even in the setting in which the courts originally developed the doctrine.²³

Many years ago, the competitive decision-making doctrine leapt from the context of in-house lawyers who mixed representation with business to the context of outside counsel who litigated and who also prosecuted patents.²⁴ As next shown, district courts at first generally found that a litigator who also engaged in any kind of patent prosecution was *ipso facto* engaged in competitive decision-making, and thus subject to a bar in the protective order.

It makes sense for this doctrine to have jumped to the context of outside counsel who combine representations in patent prosecution with litigation representations. This is because the exchange of highly confidential information that often relates to product design, implementation, or marketing is inherent in patent litigation. In fact, courts regularly acknowledge that confidential information is going to be exchanged in most patent infringement lawsuits, even when this information will be of critical commercial importance.²⁵ Sensitive commercial information is

23. The U.S. Federal Circuit defined competitive decision-making as: “[S]hortand 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.” *U.S. Steel*, 730 F.2d at 1468 n.3. Subsequent decisions have questioned this definition and muddled the waters of what exactly constitutes competitive decision-making. *See Deutsche Bank*, 605 F.3d at 1379 (“While there is general agreement that the competitive decisionmaking test articulated in *U.S. Steel* is the correct standard, the district courts have developed divergent views on whether and to what extent patent prosecution activities entail competitive decisionmaking.”); *see also Cummins-Allison Corp. v. Glory, Ltd.*, No. 02 C 7008, 2003 U.S. Dist. LEXIS 23653, at *17 (N.D. Ill. Dec. 31, 2003) (“Plainly, the *U.S. Steel* court’s listing of client decisions was not limited to ‘pricing and product design.’ The court’s use of ‘etc.’ reveals that those are only examples of the kinds of client decisions that may be made ‘in light of similar or corresponding information about a competitor.’”).

24. *See Andrx Pharm., LLC v. GlaxoSmithKline, PLC*, 236 F.R.D. 583, 587 (relying on similar notions to preclude adding outside counsel, who prosecuted patents, to the protective order), *aff’d*, No. 05-23264CV, 2006 U.S. Dist. LEXIS 58254, 2006 WL 2403942 (S.D. Fla. Aug. 14, 2006); *Affymetrix, Inc. v. Illumina, Inc.*, No. 04-901-JJF, 2005 U.S. Dist. LEXIS 15482, at *6, 2005 WL 1801683, at *2 (D. Del. July 28, 2005) (“The question of whether to allow in-house counsel access to materials under a protective order is governed by the factual circumstances surrounding each individual counsel’s activities, association and relationship with a party, and not the attorney’s status as in-house or outside counsel.”).

25. *Commissariat a L’Energie Atomique v. Dell Computer Corp.*, No. 03-484-KAJ, 2004 U.S. Dist. LEXIS 12782, at *6, 2004 WL 1196965, at *2 (D. Del. May 25, 2004) (recognizing the potential for abuse and competitive loss where confidential scientific information is likely to be disclosed during discovery); *see, e.g., Safe Flight Instrument Corp. v. Sundstrand Data Control Inc.*, 682 F. Supp. 20, 22 (D. Del. 1988) (reviewing precedent recognizing the need for proper safeguards against disclosure of trade secrets).

almost always subject to discovery in patent cases.²⁶ Thus, there is no doubt that often the information exchanged could be inadvertently misused if the lawyer is in position, by reason of prosecuting patents, to shape product design and other forms of competitive decision-making.

A seeming majority of the cases adopted a relatively bright line that any form of patent prosecution was competitive decision-making,²⁷ although, as next shown, there was a split.²⁸

A. *Decisions Regarding Sibia Neurosciences, Inc. v. Cadus Pharmaceutical Corp.*²⁹

26. See 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, 441–42 n.119 (2005) (“In virtually every patent case, the parties will have trade secret, confidential or proprietary technical, business and marketing information and documents that they do not want to show to the other side, especially if the other side is a direct competitor.” (quoting John M. Benassi & Colbern C. Stuart III, PATENT LITIGATION §4:12.3 (2003))).

27. See, e.g., *Motorola, Inc. v. Interdigital Tech. Corp.*, No. 93-488-LON, 1994 U.S. Dist. LEXIS 20714, at *13, 1994 WL 16189689, at *4 (D. Del. Dec. 19, 1994) (rejecting attorneys’ arguments that, while “theoretically possible for them to abuse the confidential information received, . . . they understand their ethical duty and will act in conformance with it,” and entering an injunction against prosecuting related applications until one year after the suit has ended), *aff’d in part, rev’d in part*, 121 F.3d 1461 (Fed. Cir. 1997); *Ideal Toy Corp. v. Tyco Indus., Inc.*, 478 F. Supp. 1191, 1195 (D. Del. 1979) (“Weighing heavily against disclosure [of abandoned patent applications] is the fact that Tyco’s counsel in this litigation is also actively engaged in the prosecution of other Tyco applications embracing the same subject matter . . . in the Patent and Trademark Office.”); see also *Avery Dennison Corp. v. UCB SA*, No. 95 C 6351, 1996 U.S. Dist. LEXIS 16070, at *5, 1996 WL 633986, at *5 (N.D. Ill. Oct. 29, 1996) (allowing discovery of abandoned applications, and noting that “there has been no showing that counsel of record for UCB [the party seeking access to the abandoned applications] routinely advises UCB regarding patent matters or otherwise serves as UCB’s chief patent counsel. In other words, there has been no adequate demonstration that disclosure to counsel is effectively disclosure to UCB.”); *In re Certain Magnetic Switches for Coaxial Transmission Lines & Products Containing Same*, Order No. 4, No. 337-TA-346, 1993 ITC LEXIS 143, at *4, 1993 WL 852560, at *2 (Int’l Trade Comm’n Mar. 2, 1993) (“[I]t is not required that counsel cease involvement in patent prosecutions, even in areas of related subject matter, in order to gain access to confidential business information.”); *In re Certain Amorphous Metal Alloys & Amorphous Particles*, Inv. No. 337-TA-143, 1983 ITC LEXIS 213, at *9 (Int’l Trade Comm’n July 22, 1983) (refusing to preclude counsel from having access to information unless he agreed not to prosecute patents in related areas).

28. *In re Pabst Licensing, GmbH*, Patent Litig., No. MDL 1278, 2000 U.S. Dist. LEXIS 6374, at *8–11, 2000 WL 554219, at *3–4 (E.D. La. May 4, 2000) (reviewing multiple district court decisions holding that competitive decision-making includes “advice and participation in prosecuting patent applications” related to the patents at issue). But see *U.S. Steel*, 730 F.2d at 1468 (requiring presentation of “factual circumstances surrounding each individual counsel’s activities”).

29. *Sibia Neurosciences, Inc. v. Cadus Pharm. Corp.*, No. 96-1231-IEG (POR), 1997 U.S. Dist. LEXIS 24130 (S.D. Cal. July 15, 1997). *Sibia* is not the only decision by the Federal Circuit relevant to this discussion. That same year, the Federal Circuit addressed a similar question, and, as in *Sibia*, issued an unpublished and thus non-precedential decision. *In re Voith Sulzer Paper Tech. of Heidenheim Ger.*, No. 506, 1997 U.S. App. LEXIS 12854, at *4–5, 1997 WL 264842, at *2

Surprisingly, despite the split, when the issue was squarely before the Federal Circuit, it decided the issue, but in a nonprecedential disposition. In an unpublished 1997 decision, *Sibia Neurosciences, Inc.*, the prosecuting litigator had been prosecuting patents in the field of cell surface receptors and related proteins and assay methods for his client, Cadus, for two years before Sibia filed an infringement suit against Cadus.³⁰ The suit involved that same technology, which was described as being “kind of the everyday stuff of biotechnology assays.”³¹ As a result, the opposing party sought a protective order that would have barred the lawyer from prosecuting patents in that field if he had access to certain information during the suit.³² The lawyer stated at the hearing on entry of the protective order that he did not provide advice on inventions:

[Inventions] are made . . . by inventors. We [attorneys] 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.³³

The lawyer further testified that he was not generally aware of marketing information, nor was he involved in product development or pricing information, but instead simply protected, through patenting, inventions disclosed to him by the client.³⁴ Significantly, he also testified that he had more than fifty biotechnology clients, “many of which were involved in the field of cell surface proteins and receptors.”³⁵ In this vein, he stated that he had “a lot of confidential trade secret information” from each client, and yet he kept the information compartmentalized and distinct.³⁶

Based on these facts, the magistrate entered a protective order precluding anyone with access to certain information from prosecuting patents “in the area of cell surface receptors and assay methods relating to the same” until one year after any appeals in the case were resolved.³⁷ However, the district court reversed the magistrate judge’s decision.³⁸ In

(Fed. Cir. May 6, 1997) (refusing to grant the petition for mandamus to have the trial court enter an order requiring that lawyers who obtained certain documents refrain from prosecuting patents).

30. *Sibia Neurosciences*, 1997 U.S. Dist. LEXIS 24130, at *11–12.

31. *Id.* at *12.

32. *Id.* at *1–2.

33. *Id.* at *11.

34. *Id.*

35. *Id.*

36. *Id.* at *11–12.

37. *Id.* at *3.

38. *Id.* at *21 (holding the entry of the bar was “clearly erroneous and contrary to law”).

doing so, it noted that the lawyer had no involvement in pricing or similar business-related activities that had been found to constitute competitive decision-making.³⁹ Then the district court turned to the argument that a ban was justified due to “the unique role which patent attorneys play in a client’s competitive patenting decisions.”⁴⁰ The district court rejected that proposition:

[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. Under this rule, a patent holder or patent applicant would be precluded as a practical matter from retaining its outside patent counsel to defend it in an infringement action, . . . or to prosecute an enforcement action on its behalf.⁴¹

Instead, the district court credited the attorney’s testimony that he could “segregate this information” in his mind, and held that the magistrate “erred in finding that [the attorney’s] involvement in the prosecution of patents for Cadus, by itself, demonstrated the existence of a risk of inadvertent disclosure.”⁴²

Sibia then sought mandamus from the Federal Circuit, which denied the petition in an unpublished opinion.⁴³ In refusing to grant the writ of mandamus, the Federal Circuit expressly rejected the argument that involvement in patent prosecution was, by itself, sufficient to justify a bar, stating: “denying access to Cadus’s outside counsel on the ground that they also prosecute patents for Cadus is the type of generalization counseled against in *U.S. Steel*. The facts, not the category, must inform the result.”⁴⁴ Thus, the *Sibia* court clearly held that patent prosecution by itself does not require denial of access to information—it does not mean

39. See *Sibia Neurosciences, Inc. v. Cadus Pharm. Corp.*, No. 96-1231-IEG (POR), 1997 U.S. Dist. LEXIS 24130, at *21–22 (S.D. Cal. July 15, 1997) (noting that he did not serve on the board of his client; did not share employees with it; had no involvement in pricing, design, or similar activities; and generally had “a typical outside counsel relationship”).

40. *Id.* at *23 (internal quotations omitted).

41. *Id.* at *24.

42. *Id.* at *25. The court went on to distinguish the only prior case that held to the contrary, *Motorola, Inc. v. Interdigital Tech. Corp.*, No. 93-488-LON, 1994 U.S. Dist. LEXIS 20714, 1994 WL 16189689 (D. Del. 1994), *aff’d in part, rev’d in part*, 121 F.3d 1461 (Fed. Cir. 1997). *Id.* at *18–20. It concluded by holding that even if the attorney was involved in competitive decision-making, “Cadus will suffer a serious and unnecessary hardship from the disqualification of . . . its patent counsel for more than a year before SIBIA commenced this litigation.” *Id.* at *26.

43. *In re Sibia Neurosciences, Inc.*, No. 525, 1997 U.S. App. LEXIS 31828, at *9, 1997 WL 688174, at *4 (Fed. Cir. Oct. 22, 1997).

44. *Id.* at *7, 1997 WL 688174, at *3.

the prosecuting attorney is a competitive decision-maker. The Federal Circuit denied the petition for mandamus because, while the “magistrate judge found that [the attorney] was very involved in the prosecution of patents, . . . [he] did not make any findings regarding outside counsel’s involvement in ‘competitive decisionmaking,’ such as involvement in pricing or product design.”⁴⁵ The court upheld on mandamus the district court’s denial of entry of a protective order with a bar because “none of the indicia of ‘competitive decisionmaking’ was present”⁴⁶

B. *Decisions After Sibia Neurosciences, Inc.*

After *Sibia*, the courts continued to split. Some courts held prosecution to constitute competitive decision-making;⁴⁷ others reached the opposite conclusion and, in doing so, sometimes cited *Sibia* despite its lack of precedential weight.⁴⁸

45. *Id.* at *8, 1997 WL 688174, at *3.

46. *Id.* The court emphasized that “the standard is not ‘regular contact’ with other corporate officials who make ‘policy,’ or even competitive decisions, but ‘advice and participation’ in ‘competitive decisionmaking.’” *Id.* at *8–9, 1997 WL 688174, at *3 (quoting *Matsushita Elec. Indus. Co. v. United States*, 929 F.2d 1577, 1580 (Fed. Cir. 1991)).

47. *See, e.g., Chan v. Intuit, Inc.*, 218 F.R.D. 659, 662 (N.D. Cal. 2003) (entering protective order which precluded access to certain discoverable information by those engaged in patent prosecution, and holding that “advice on the scope of patent claims must also be defined as competitive decision-making”); *Cummins-Allison Corp. v. Glory Ltd.*, No. 02 C 7008, 2003 U.S. Dist. LEXIS 23653, at *26–27, (N.D. Ill. Dec. 31, 2003) (“[T]he party could choose not to disclose confidential information to patent prosecution counsel, in which case that counsel could continue to prosecute patent applications; or, the party could choose to reveal confidential information to patent prosecution counsel, and accept limitations on the attorney’s ability to prosecute certain patent applications for a period of time.”); *Medtronic, Inc. v. Guidant Corp.*, No. 00-1473 (MJD/JGL), No. 00-2503 (MJD/JGL), 2001 U.S. Dist. LEXIS 22805, at *12, 2001 WL 34784493, at *4 (D. Minn. Dec. 19, 2001), (“[P]rosecuting patents is distinct from other legal duties and presents unique opportunities for inadvertent disclosure”), *aff’d*, No. 00-1473 (MJD/JGL), 2002 U.S. Dist. LEXIS 1758, 2002 WL 171711 (D. Minn. Jan. 29, 2002); *In re Papst Licensing, GmbH*, Patent Litig., No. MDL 1298, 2000 U.S. Dist. LEXIS 6374, at *5, 2000 WL 554219, at *4 (E.D. La. May 4, 2000) (enjoining prosecution of patents related to patent-in-suit); *SRU Biosystems, Inc. v. Hobbs*, No. 04-5628 BLS, 2005 Mass. Super. Lexis 361, at *3–4, 2005 WL 2010339, at *2 (Mass. Super. Ct. Aug 2, 2005) (holding involvement in prosecution required bar); *see also Promega Corp. v. Applera Corp.*, No. 01-C-244-C, 2002 WL 32359938, at *8–9 (W.D. Wis. June 7, 2002) (discussing prosecution bars applicable to both in-house counsel and expert witnesses contained in a protective order); *Semiconductor Energy Lab. Co. v. Sanyo N. Am. Corp.*, No. C.A. 00-018-GMS, 2001 WL 194303, at *1 n. 5 (D. Del. Feb. 22, 2001) (noting disagreement among parties as to scope of prosecution bar in protective order); *Davis v. AT&T Corp.*, No. 98-CV-0189S(H), 1998 U.S. Dist. LEXIS 20417, at *6–8, 1998 WL 912012, at *2–3 (W.D.N.Y. Dec. 23, 1998) (discussing disclosure to the plaintiff who was also an inventor).

48. *See, e.g., Avocent Redmond Corp. v. Rose Elec., Inc.*, 242 F.R.D. 574, 579–80 (W.D. Wash. 2007) (denying the entry of a motion for protective order); *Trading Techs. Int’l, Inc. v. Espeed, Inc.*, No. 04 C 5312, 2004 U.S. Dist. LEXIS 19429, at *2 2004 WL 2534389, at *1 (N.D.

Finally in 2010, nearly fifteen years after its unpublished decision in *In re Sibia* decided the question, the Federal Circuit made it official in its precedential opinion in *In re Deutsche Bank*⁴⁹: the fact that a lawyer “prosecuted patents” did not, by itself, mean the lawyer was engaged in competitive decision-making.⁵⁰ The court recognized that “patent prosecution” was shorthand for a spectrum of involvement in a client’s business affairs that a particular patent practitioner might have, only some of which implicated the concerns underlying competitive decision-making and, therefore, requiring a bar.⁵¹ The court also created an analytical and procedural framework for deciding whether and when bars were appropriate.⁵² This Article turns there next.

III. THE CONFUSING *DEUTSCHE BANK* PROCESS FOR DETERMINING WHETHER TO IMPOSE A PROSECUTION BAR IN A PROTECTIVE ORDER

Applying *Deutsche Bank* requires a four-step, multi-factored approach in which the first three steps are inter-related. The first step requires the party seeking the bar to produce evidence that proves that the information it will disclose in discovery could be put to misuse by assuming that opposing counsel is engaged in competitive decision-making. If that showing is made, then opposing counsel bears the burden of production, on a counsel-by-counsel basis, that a lawyer is in fact not engaged in competitive decision-making. If the party opposing the entry of the bar fails to establish an exemption, the party seeking the bar must still show there is a reasonable relationship between the information and the activities of those lawyers. In this step, the court evaluates information produced by the party and determines whether the party seeking the bar

Ill. Sept. 24, 2004) (refusing to enter a protective order that would deny outside litigation counsel access to certain materials because he was not involved in “pricing, marketing, product design or the like”); *MedImmune, Inc. v. Centocor, Inc.*, 271 F. Supp. 2d 762, 775 (D. Md. 2003) (refusing to enter a protective order that would deny outside counsel access to confidential information despite the fact that he prosecuted patents for his client because there was no indicia he was a competitive decision-maker); *Nazomi Commc’ns, Inc. v. Arm Holdings PLC*, No. C 02-02521-JF, 2002 U.S. Dist. LEXIS 21400, at *11, 2002 WL 32831822, at *4 (N.D. Cal. Oct. 11, 2002) (denying defendants’ motion for an interim protective order), *vacated on other grounds*, 403 F.3d 1364 (Fed. Cir. 2005); *Interactive Coupon Mktg. Group, Inc. v. H.O.T.! Coupons, LLC*, No. 98 C 7408, 1999 U.S. Dist. LEXIS 12437, at *8, 1999 WL 618969, at *3 (N.D. Ill. Aug. 9, 1999) (“The court is not persuaded that it is appropriate to disqualify patent prosecution counsel from an active role in its client’s litigation as a matter of course.”).

49. *In re Deutsche Bank Trust Co. Ams.*, 605 F.3d 1373 (Fed. Cir. 2010).

50. *Id.* at 1377–78.

51. *Id.* at 1378–80.

52. *Id.* at 1381.

has shown good cause for the bar sought, both whether to include one at all, and whether the scope sought is warranted in terms of its length and the activities precluded. In the final step, even if the court finds there is good cause for bar sought and that a particular lawyer engaged in competitive decision-making, the party opposing the bar can nonetheless show that the benefit of the bar is outweighed by the prejudice it causes. In that final step, the burden of production and persuasion is on the party opposing the bar.

Although this approach makes practical and procedural sense, the language of *Deutsche Bank* does not clearly adopt it. As a result, the district courts have disagreed on how this process operates. Because of the lack of clarity in *Deutsche Bank* and subsequent judicial confusion, this Article now analyzes these steps more closely before analyzing the issues and interests that courts and counsel must consider in determining whether to apply a bar and, if so, to what extent to apply it.

A. *Step One: Is the Information Such that a Competitive Decision-Maker Reasonably Would Inadvertently Misuse It?*

In the first step, *Deutsche Bank* makes clear that the party seeking the bar must establish that the information likely to be disclosed is of such a confidential or proprietary nature that it is not sufficient to simply include a general bar in the protective order limiting use of the information to the litigation—and do so by *assuming that opposing counsel is engaged in competitive decision-making*.⁵³ Thus, a predicate for imposition of a bar is that the party seeking the bar will likely disclose information during discovery of sufficient commercial import and secrecy to warrant more than the general prohibition against use of information beyond the scope of the litigation.⁵⁴ Obviously, the party seeking the bar necessarily has the burden to establish that it likely would disclose that sort of information because not only does it have the burden under Rule 26, but also, by definition, its opponent does not possess the information at issue.⁵⁵

53. *Id.* at 1381.

54. See *Helferich Patent Licensing, LLC v. Suns Legacy Partners, LLC*, No. CV-11-02304-PHX-NVW, 2012 U.S. Dist. LEXIS 172422, at *11–12, 2012 WL 6049746, at *3 (D. Ariz. Dec. 5, 2012) (concluding that “vague and speculative” assertions are not sufficient); *AmTab Mfg. Corp. v. SICO Inc.*, No. 11 C 2692, 2012 U.S. Dist. LEXIS 7307, at *5, 2012 WL 195027, at *2 (N.D. Ill. Jan. 19, 2012) (characterizing SICO’s arguments as vague and speculative, and establishing that SICO failed to identify a “clearly defined and serious injury.”).

55. FED. R. CIV. P. (26)(c) (explaining the duties of the party seeking a bar in regard to the burden of proof relative to the potential risk of misuse of sensitive information); see also *NeXedge LLC v. Freescale Semiconductor, Inc.*, 820 F. Supp. 1040, 1043 (D. Ariz. 2011) (“At this early stage,

The Federal Circuit has emphasized that not all sensitive information is of the kind that can be misused during prosecution: “[F]inancial data and other sensitive business information . . . would not normally be relevant to a patent application and thus would not normally be expected to trigger a patent prosecution bar.”⁵⁶ Courts have reasoned that information in a patent or published application is “ordinarily regarded as public,” and so its disclosure does not implicate the need for a bar.⁵⁷ However, “information related to new inventions and technology under development, especially those that are not already the subject of pending patent applications, may pose a heightened risk of inadvertent disclosure” by counsel engaged in competitive decision-making in patent prosecution.⁵⁸ Further, information regarding improvements to a published application or patent may be protected.⁵⁹

Although the court did not characterize the ultimate purpose of this inquiry, such inquiry seems to turn on whether the information would create a substantial risk of injury to the disclosing party that is not resolved by the inclusion of a “no use beyond litigation” bar due to the nature of the information.⁶⁰ This determination is obviously a very fact-driven investigation and analysis. For example, if the information relates to products that could be reverse-engineered, this would suggest that a prosecution bar is more likely to be inappropriate.⁶¹ Similarly, if the information is stale or quickly will become so, then a bar is less likely to be warranted.⁶² A careful examination of the market, the parties, and the technology is required.⁶³

however, it is unlikely that the proponent of a prosecution bar could have sufficient information about opposing counsel’s involvement in competitive decision-making to make the threshold showing that NeXedge requires.”).

56. *Deutsche Bank*, 605 F.3d at 1381.

57. *Ross-Hime Designs, Inc. v. United States*, 109 Fed. Cl. 725, 731 (Fed. Cl. 2013) (quoting *On-Line Techs, Inc. v. Bodenswerk Perkin-Elmer GMBH*, 386 F.3d 1133, 1141 (Fed. Cir. 2004)).

58. *Deutsche Bank*, 605 F.3d at 1381.

59. *Id.*

60. In the protective order under review in *Deutsche Bank*, the producing party could prevent a person engaged in competitive decision-making from reviewing information only if it had a good faith basis to label the information as “creat[ing] a substantial risk to the disclosing party.” *Id.* at 1376.

61. As explained above, the court in *Deutsche Bank* held that Federal Circuit law applies to this issue. *Id.* at 1378.

62. The court in *Papst Licensing, GmbH, Patent Litigation* held that the only information which could be kept from the prosecuting litigator was “information that embodies product design.” *In re Papst Licensing, GmbH, Patent Litig.*, No. MDL 1298, 2000 U.S. Dist. LEXIS 6374, at *14, 2000 WL 554219, at *5 (E.D. La. May 4, 2000). In some circumstances, for example where the litigator is tasked by the client in drafting claims to cover competitor’s products, the scope of protection recognized by the *Papst* court may be too narrow. *Id.* The Federal Circuit has held that there is

B. *Step Two: Is the Intended Recipient of the Information in Fact a Competitive Decision-Maker?*

If the party seeking the bar shows that the production of evidence that likely would be misused by a competitive decision-maker, the *Deutsche Bank* court stated that the burden then shifts to the party opposing the bar to establish, on a counsel-by-counsel basis, an “exemption” on one of two grounds: either that the lawyer’s patent prosecution work “does not and is not likely to implicate competitive decision-making related to the subject matter of the litigation so as to give rise to a risk of inadvertent use”⁶⁴ of the confidential information disclosed during litigation; *or* that “the potential injury to the moving party from restriction on its choice of litigation and prosecution counsel outweighs the potential injury to the opposing party caused by such inadvertent use.”⁶⁵

In two respects, this does not fit the usual procedural approach. While placing the burden of production on the party to show that a lawyer does not in fact engage in competitive decision-making makes practical sense, shifting the burden of proof to that party does not conform with the rule, because the rule imposes the burden to show good cause on the party seeking the protective order.⁶⁶ Second, it does not make sense for the court to examine whether the prejudice outweighs the benefit until it decides that there is good cause for the bar. Only then should the court impose a burden of production and persuasion on the party opposing the bar to establish that, despite the existence of good cause, the cost of the bar outweighs its benefits.

Because of these issues, the district courts have continued to disagree on the process and burdens of proof required by *Deutsche Bank*, and they have at times also misapprehended the case completely.⁶⁷ For example, while it

nothing per se improper about drafting claims of a pending application to cover a competitor’s product, but using nonpublic information obtained through discovery to do so presents a different question. Lisa Dolak, *The Ethics of Delaying Prosecution*, 53 AM. U. L. REV. 739, 753, n.82 (2004).

63. See *Deutsche Bank*, 605 F.3d at 1381 (holding that when considering a prosecution bar, a court must weigh all relevant factors for both parties and balance the parties’ interest against the potential risks); *U.S. Steel Corp. v. United States* 730 F.2d 1465, 1468 n.3 (Fed. Cir. 1984) (requiring a thorough analysis into counsel’s “activities, association, and relationship with a client” in order to accurately determine if counsel is involved in competitive decision-making).

64. *Deutsche Bank*, 605 F.3d at 1381.

65. *Id.*

66. FED. R. CIV. P. 26(c).

67. Compare *Iconfind, Inc. v. Google, Inc.*, No. 110319 (GEB/JFM), 2011 U.S. Dist. LEXIS 88010, at *8, 2011 WL 3501348, at *5 (E.D. Cal. Aug. 9, 2011) (imposing the burden of showing “a risk of inadvertent disclosure” on the movant), with *Applied Signal Tech., Inc. v. Emerging Mkts. Commc’ns, Inc.*, No. 09-2180 (SBA/DMR), 2011 U.S. Dist. LEXIS 97403, at *7, 2011 WL

does not seem practical or pragmatic for the party asserting the need for a bar to come forward with evidence as to the nature of representation being afforded by opposing counsel to his client, and *Deutsche Bank* makes clear that the burden to show that counsel is *not* engaged in competitive decision-making is on the party opposing the bar, some courts have required the moving party to produce evidence of what opposing counsel does for his client.⁶⁸ This makes little sense. While the initial burden of showing good cause rests upon the movant, once general involvement in prosecution-related activities is shown, the burden of production ought to shift to the party opposing the bar to fully and fairly disclose the role of litigation counsel in those areas.⁶⁹ Conversely, however, it seems odd to analyze whether the prejudice of a bar outweighs its benefits before determining whether good cause for a bar exists in the first place.

For these reasons, a court should effectively assume in the first step that the recipient lawyer is a competitive decision-maker. This seems implied by the language of *Deutsche Bank* and is also necessary from a practical perspective. Specifically, the court stated that the party seeking the bar must show that the information is at risk of misuse by a lawyer engaged in competitive decision-making;⁷⁰ further, as a practical matter, the producing party will normally have no way to know what its opposing

197811, at *2 (N.D. Cal. Jan. 20, 2011) (“Under *Deutsche Bank*, which represents the controlling law in this dispute, Defendants, as the moving party, bear the burden of showing as a threshold matter that the proposed prosecution bar ‘reasonably reflect[s] the risk presented by the disclosure of proprietary competitive information.’” (citing *In re Deutsche Bank Trust Co.*, 605 F.3d 1373, 1381 (Fed. Cir. 2010))). For a court’s interpretation of the split, see *Eon Corp. IP Holdings, LLC v. AT&T Mobility LLC*, 881 F. Supp. 2d 254, 255–56 (D.P.R. 2012). The *Eon Corp.* court stated: “The conflict between these two lines of cases is a significant one, concerning, as it does, the movant’s burden at the threshold stage: is it necessary that it show, on a counsel-by-counsel basis, that the opposing counsel engage in competitive decisionmaking?, or is it enough that it show that a general bar would be reasonable in this particular case, shifting the burden to opposing counsel to seek exemptions? For several reasons, we think the *Applied Signal* approach is superior.” *Id.*

68. See *Clayton Corp. v. Momentive Performance, Materials, Inc.*, No. 4:12-CV-1349 AGF, 2013 U.S. Dist. LEXIS 68239, at *13, 2013 WL 2099437, at *4 (E.D. Mo. May 14, 2013) (“Defendants have not provided the Court with an affidavit As a result, the Court has no evidentiary basis upon which to determine what relations Plaintiff’s attorneys have with their client, what the scope of the representation of plaintiff is, who they advise or consult within the company, or any other ground by which the Court could gauge the risk of inadvertent disclosure of confidential information.”).

69. See *Eon Corp.*, 881 F. Supp. 2d at 255–56 (engaging in extended analysis of the burdens, and reaching this conclusion); *In re Maxim Integrated Prods., Inc.*, MDL No. 2354, 2012 U.S. Dist. LEXIS 157352, at *19, 2012 WL 5398858, at *3 (W.D. Pa. Nov. 2, 2012) (“Once [the] moving party establishes the need for a prosecution bar, and that the proposed bar is reasonable, the burden shifts to the party seeking an exemption from a patent prosecution bar . . .”).

70. *Deutsche Bank*, 605 F.3d at 1380.

party's lawyers do for it in any specific way, beyond the fact that, if it is public information, the lawyers prosecute patents.

Some district courts, however, have held that the party seeking the bar must come forward with evidence to show that opposing counsel, or some other participant in the litigation, is engaged in competitive decision-making.⁷¹ This approach is contrary to the language of *Deutsche Bank* and is wholly impractical: how in the typical case can the proponent of the bar know enough about the activities of opposing counsel, his experts, or others to show that a particular lawyer or person is engaged in competitive decision-making?⁷² The burden is not on the proponent to prove up activities of opposing counsel.

The *Deutsche Bank* court recognized that not all patent prosecution involves competitive decision-making; instead, there is a spectrum.⁷³ On one end of the spectrum are patent prosecutors who are clearly involved in what can fairly be said to create the risk of misuse of information:

Such involvement may include obtaining disclosure materials for new inventions and inventions under development, investigating prior art relating to those inventions, making strategic decisions on the type and scope of patent protection that might be available or worth pursuing for such inventions, writing, reviewing, or approving new applications or continuations-in-part of applications to cover those inventions, or strategically amending or surrendering claim scope during prosecution.⁷⁴

On this end of the spectrum, "[t]he risk of inadvertent disclosure of competitive information learned during litigation is . . . much greater."⁷⁵

On the other end of the spectrum, "[s]ome attorneys involved in patent litigation . . . may have patent prosecution duties that involve little more than reporting office actions or filing ancillary paper work"⁷⁶ Alternatively, "some attorneys may be involved in high-altitude oversight of patent prosecution, such as staffing projects or coordinating client meetings, but have no significant role in crafting the content of patent

71. See, e.g., *Eon Corp.*, 881 F. Supp. 2d at 257 ("Thus, the counsel-specific balancing is done only *after* a court has decided that a prosecution bar is called for, and it must be initiated by the party seeking the exemption.").

72. See *id.* at 255–56 (noting the differences in the types of reasoning as to who has the burden of proving competitive decision-making).

73. See *Deutsche Bank*, 605 F.3d at 1379–80 ("Because patent prosecution is not a one-dimensional endeavor and can encompass a range of activities, it is shortsighted to conclude that every patent prosecution attorney is necessarily involved in competitive decisionmaking.").

74. *Id.* at 1380.

75. *Id.*

76. *Id.* at 1379.

applications or advising clients on the direction to take their portfolios.”⁷⁷ As to attorneys on this end of the spectrum, “[t]here is little risk that attorneys involved solely in these kinds of prosecution activities will inadvertently rely on or be influenced by information they may learn as trial counsel during the course of litigation.”⁷⁸

In the middle, of course, lie the difficult fact patterns that might create a close question as to whether a prosecution bar is justified. In this middle ground, the court noted that factors include whether the person took instructions from senior attorneys, or instead acted on his own in shaping an application.⁷⁹ The court emphasized that even if the activities did not indicate a heightened risk, “the risk of inadvertent disclosure may nonetheless arise under the facts and circumstances of a particular case”⁸⁰

Thus, as with many issues in the Federal Circuit, the totality of the circumstances matters.⁸¹ To mitigate the risk of misuse, in-house counsel should handle substantive prosecution, leaving outside counsel subject to the prosecution bar.⁸² Another issue is whether a lawyer’s participation in reexamination or reissue proceedings, intellectual property rights (IPR), patent acquisition, or licensing and related activities constitute competitive decision-making.⁸³

77. *Id.* at 1379–80.

78. *Id.* at 1380.

79. *Id.*

80. *Id.*

81. See, e.g., *In re Seagate Tech., LLC*, 497 F.3d 1360, 1369 (Fed. Cir. 2007) (recognizing the Circuit’s evaluation of “willfulness and its duty of due care under the totality of the circumstances”); *Comark Commc’ns, Inc. v. Harris Corp.*, 156 F.3d 1182, 1191 (Fed. Cir. 1998) (finding that before considering the “exculpatory value of an opinion of counsel, the legal advice contained therein must be found on the totality of the circumstances to be competent such that the client was reasonable in relying upon it”).

82. Obviously, where all outside counsel does is file a completed application, including claims, outside counsel cannot misuse information in drafting the application. David Hricik, *Ethics in Today’s Patent Practice for Washington Practitioners*, Washington State Patent Lawyer Association, CONTINUING LEGAL EDUCATION, at 57 (Mar. 2012), available at http://wspla.org/wspla_04.28.12CLE.pdf.

83. Cf. *Crystal Image Tech., Inc. v. Mitsubishi Elec. Corp.*, No. CIV A 08-307, 2009 U.S. Dist. LEXIS 32972, at *3, 2009 WL 1035017, at *1–3 (W.D. Pa. Apr. 17, 2009) (“A reexamination of a patent before the [PTO] is a continuation of the pre-issuance prosecution of the patent.”), *construed by* 2010 U.S. Dist. LEXIS 48158, 2010 WL 1979298 (W.D. Pa. Apr. 9, 2010), *report and recommendation adopted*, 2010 U.S. Dist. LEXIS 48290, 2010 WL 1978760 (W.D. Pa. May 17, 2010); *Fairchild Semiconductor Corp. v. Third Dimension Semiconductor, Inc.*, No. 08-158-P-H, 2009 U.S. Dist. LEXIS 37445, at *24–30, 2009 WL 1210638, at *9–10 (D. Me. Apr. 30, 2009) (considering licensing and other activities including negotiation in relation to the balancing test).

Accordingly, in assessing whether the party moving for a protective order has established good cause, a court should consider each counsel's actual preparation and prosecution activities, and do so on a counsel-by-counsel basis taking into account not only the nature of the activities but the proximity of the subject matter of the lawyer's work to the technology involved in litigation.⁸⁴ The court in *Deutsche Bank* did not apply this new test to the facts, as the district court had held that all patent prosecution was competitive decision-making, and so the Federal Circuit remanded for consideration and analysis.⁸⁵

The district court decisions decided after *Deutsche Bank* provide minimal additional guidance as to what level of involvement is sufficient.⁸⁶ One district court held that an individual was engaged in competitive decision-making even though he was not directly involved in inventive or prosecution activities, because, as the Executive Vice President of Intellectual Property (IP) for the party, he did make "strategic decisions on the type and scope of patent protection that might be available or worth pursuing," and was the primary architect of the company's legal strategy for IP enforcement.⁸⁷ On the other hand, another court held that merely establishing that the person was involved in IP licensing was insufficient where there was no proof that his involvement in licensing rose to the level of "competitive decision-making" that created the risk of misuse of information.⁸⁸ Likewise, merely being involved in patent litigation settlement negotiations has been found to be insufficient.⁸⁹

84. See *Clayton Corp. v. Momentive Performance, Materials, Inc.*, No. 4:12-CV-1349 AGF, 2013 U.S. Dist. LEXIS 68239, at *7, 2013 WL 2099437, at *2 (E.D. Mo. May 14, 2013) (outlining defendant's assertions of the duties of the counsel in question); *AmTab Mfg. Corp. v. SICO Inc.*, No. 11 C 2692, 2012 U.S. Dist. LEXIS 7307, at *11-12, 2012 WL 195027, at *4 (N.D. Ill. Jan. 19, 2012) (detailing the patent prosecution duties of the counsel in question).

85. *Deutsche Bank*, 605 F.3d at 1381-82.

86. Whether district court decisions decided before *In re Deutsche Bank* are still good law turns on comparing each case's approach to the language in that case—a topic beyond the scope of this Article.

87. *Trading Techs., Int'l, Inc. v. GL Consultants, Inc.*, Nos. 05 C 4120, 05 C 5164, 2011 U.S. Dist. LEXIS 5876, at *17, 2011 WL 148252, at *6 (N.D. Ill. Jan. 18, 2011), *motion to modify denied sub nom.*, *Trading Techs., Int'l, Inc. v. BGC Partners, Inc.*, 2011 U.S. Dist. LEXIS 43668, 2011 WL 1547769 (N.D. Ill. Apr. 22, 2011).

88. See *Pfizer, Inc. v. Apotex, Inc.*, 744 F. Supp. 2d 758, 765-66 (N.D. Ill. 2010) (emphasizing that, without evidence, the court could not "gauge the risk of inadvertent disclosure of confidential information").

89. *Frank Brunckhorst Co. v. Ihm*, No. 11-1883 CAB (NLS), 2012 U.S. Dist. LEXIS 28152, at *5, *8, 2012 WL 684760, at *2-3 (S.D. Cal. Mar. 2, 2012); *AmTab Mfg.*, 2012 U.S. Dist. LEXIS 7307, at *11-12, 2012 WL 195027, at *4 (concluding that SICO did not establish that the lawyers were sufficiently involved in competitive decision-making to justify modifying the protective order); see *Fairchild Semiconductor Corp. v. Third Dimension Semiconductor, Inc.*, No. 08-158-P-H, 2009

C. Step Three: Has the Movant Shown a Nexus Between the Technology in Litigation and the Subject Matter of the Lawyer's Other Representations?

Just as a lawyer who is not engaged in competitive decision-making is not reasonably likely to inadvertently misuse information, so too a lawyer engaged in competitive decision-making but in a distant area of technology is also not reasonably likely to misuse information. Accordingly, courts should inquire into whether the technology that the lawyer is prosecuting is sufficiently related to the patent-in-suit to create a reasonable likelihood that trade secrets or similar confidential business information could be misused.

In this regard, courts also consider whether counsel is involved in prosecuting “closely related” applications.⁹⁰ The ability to misuse

U.S. Dist. LEXIS 37445, at *29–33, 2009 WL 1210638, at *10–11 (D. Me. Apr. 30, 2009) (analyzing whether a trial lawyer’s activities in settling suits was sufficiently analogous to licensing activities to justify imposing a bar to access certain information); *Affymetrix, Inc. v. Illumina, Inc.*, No. 04-901-JJF, 2005 U.S. Dist. LEXIS 15482, at *8, 2005 WL 1801683, at *2 (D. Del. July 28, 2005) (construing the attorney’s litigation and licensing involvement as competitive decision-making in light of the attorney’s additional role with the company’s management team); *Intel Corp. v. VIA Techs., Inc.*, 198 F.R.D. 525, 530 (N.D. Cal. 2000) (holding that the senior counsel’s interaction with company business managers and direct involvement in evaluating licensing agreements amounts to competitive decision-making); *see also Barnes & Noble, Inc. v. LSI Corp.*, No. C-11-02709 EMC (LB), 2012 U.S. Dist. LEXIS 23103, at *11–14, 2012 WL 601806, at *3 (N.D. Cal. Feb. 23, 2012) (denying to characterize pre-litigation licensing negotiations as a form of competitive decision-making).

90. *See, e.g., Cheah IP LLC v. Plaxo, Inc.*, C-08-4872 PJH (EMC), 2009 U.S. Dist. LEXIS 40823, at *7–9, 2009 WL 1190331, at *2–3 (N.D. Cal. May 4, 2009) (highlighting that the plaintiff’s litigation counsel was providing assistance to its litigation counsel in prosecuting patents related to the patents-in-suit); *see also Methode Elecs., Inc. v. DPH-DAS LLC*, 679 F. Supp. 2d 828, 832 (E.D. Mich. 2010) (explaining that counsel was “involved . . . in an ongoing patent continuation proceeding involving the very patents, the very technology, at issue in this case”), *construed by* 09-CV-13078, 2011 U.S. Dist. LEXIS 154923, 2011 WL 6435308 (E.D. Mich. Sept. 12, 2011), *report and recommendation adopted as modified*, 09-CV-13078, 2012 U.S. Dist. LEXIS 60365, 2012 WL 1559770 (E.D. Mich. Apr. 30, 2012); *Methode Elecs., Inc. v. Delphi Auto. Sys. LLC*, No. 09-13078, 2009 U.S. Dist. LEXIS 107137, at *7–9, 2009 WL 3875980, at *4 (E.D. Mich. Nov. 17, 2009) (involving patent prosecution attorneys “currently working on reexamination proceedings at the Patent Office concerning the patents at issue in this case”); *McDavid Knee Guard, Inc. v. Nike USA, Inc.*, No. 08 CV 6584, 2009 U.S. Dist. LEXIS 48193, at *7, 2009 WL 1609395, at *2 (N.D. Ill. June 9, 2009) (emphasizing that the lawyer was “actively involved in current prosecution of reissue application” and other related patents); *Commissariat a L’Energie Atomique v. Dell Computer Corp.*, No. 03-484-KAJ, 2004 U.S. Dist. LEXIS 12782, at *9-10, 2004 WL 1196965, at *3 (D. Del. May 25, 2004) (taking closeness into consideration within the context of LCD technology); *Cummins-Allison Corp. v. Glory Ltd.*, No. 02 C 7008, 2003 U.S. Dist. LEXIS 23653, at *25 (N.D. Ill. Dec. 31, 2003) (highlighting that plaintiff’s counsel was currently prosecuting patents on the exact same subject matter as the patents-in-suit); *Mikohn Gaming Corp. v. Acres Gaming, Inc.*, CV-S-97-1383-HDM(LRL), 1998 U.S. Dist. LEXIS 22251, at *11, 1998 WL 1059557, at *4 (D. Nev. Apr. 15, 1998) (stating the firm “is prosecuting patent applications that are not merely related to the patents in suit, they are part of the very core of this suit”); *Motorola, Inc. v.*

information to shape patents is obviously more likely “where there is a relationship between the prosecution and the patents-in-suit.”⁹¹ On the other hand, if the lawyer’s work is not very closely related, bars are inappropriate.⁹²

D. *Step Four: Has the Opponent to the Bar Shown that Any Prejudice Caused by the Bar Outweighs Its Benefits?*

Even if a lawyer is subject to a bar because she engages in “competitive decision-making,” *Deutsche Bank* instructed that courts must still balance the cost of imposing a bar against the potential harm to the opposing party from restrictions imposed on the party’s right to counsel of its choice.⁹³ In evaluating the potential harm, courts should consider such factors as “the extent and duration of counsel’s past history in representing the client before the U.S. Patent and Trademark Office (PTO), the degree of the client’s reliance and dependence on that past history, and the potential difficulty the client might face if forced to rely on other counsel for the pending litigation or engage other counsel to represent it before the PTO.”⁹⁴

Because the district court did not engage in this analysis, the *Deutsche Bank* case itself provides little guidance.⁹⁵ Perhaps surprisingly, several

Interdigital Tech. Corp., No. 93-488-LON, 1994 U.S. Dist. LEXIS 20714, at *14, 1994 WL 16189689, at *5 (D. Del. Dec. 19, 1994) (noting that the law firm “is currently prosecuting applications relating to the very patents at issue in this litigation”), *aff’d in part, rev’d in part*, 121 F.3d 1461 (Fed. Cir. 1997).

91. *Northbrook Digital, LLC v. Vendio Serv., Inc.*, 625 F. Supp. 2d 728, 759–60 (D. Minn. 2008); *see also Kraft Foods Global, Inc. v. Dairylean, Inc.*, No. 10 C 8006, 2011 U.S. Dist. LEXIS 44279, at *12, 2011 WL 1557881, at *3–4 (N.D. Ill. Apr. 25, 2011) (denying a bar where no proof existed that the lawyer was prosecuting for a competitor); *Delphi Auto. Sys.*, 2009 U.S. Dist. LEXIS 107137, at *7–9, 2009 WL 3875980, at *4–5 (stressing that the lawyer was involved in prosecuting applications at issue in the case); *In re Papst Licensing*, MDL 1278, 2000 U.S. Dist. LEXIS 6374, at *8–11, 2000 WL 554219, at *3–4 (E.D. La. May 4, 2000) (noting that competitive decision-making is more likely to be found where the attorneys are advising about patent applications “related to the patents-in-suit”).

92. *See Avocent Redmond Corp. v. Rose Elecs., Inc.*, 242 F.R.D. 574, 579 (W.D. Wash. 2007), (denying bars because the party moving for the protective order failed to show that the lawyers were prosecuting patent applications related to the patent-in-suit); *see also Life Techs. Corp. v. Biosearch Tech. Inc.*, No. 2:09-CV-283-TJW-CE, 2011 U.S. Dist. LEXIS 33436, at *6–9, 2011 WL 1157860, at *2–3 (E.D. Tex. Mar. 29, 2011) (permitting access because no risk was shown).

93. *In re Deutsche Bank Trust Co. Ams.*, 605 F.3d 1373, 1380 (Fed. Cir. 2010).

94. *Id.* at 1381.

95. *See Helferich Patent Licensing LLC v. Suns Legacy Partners LLC*, No. CV-11-02304-PHX-NVW, 2012 U.S. Dist. LEXIS 172422, at *12–13, 2012 WL 6049746, at *4 (D. Ariz. Dec. 5, 2012) (relying on various equitable indicia and practical impacts of the bar to deny a request for bar, though without prejudice to seek one later).

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district courts applying *Deutsche Bank* have denied bars based upon the hardship to the opposing party.⁹⁶

IV. COUNSEL'S OBLIGATIONS IN BARGAINING FOR AND THEN WORKING UNDER A PROSECUTION BAR

A. *Counsel Should Make the Bar Clear, Reasonable and Practical to Administer and Monitor*

Because of the uncertain scope of phrases like “competitive decision-making” and even “patent prosecution,” counsel should draft bars to carefully define who is covered, for how long, and the scope of any barred activities. The scope of any protective order is subject to intense negotiation and, at times, substantial motion practice, as evidenced by the dozens of cases cited in this Article.⁹⁷ When negotiating and proposing to a protective order to the court, counsel should address the following issues.

1. Scope of Barred Activities

The scope of activities is a key issue that should be made clear. With respect to subject matter, the difficult issue is to propose language that captures the scope of the bar in words that are easy to implement, but broad enough to protect legitimate interests of the party producing the information. Given that the courts have some familiarity with the

96. See *NeXedge, LLC v. Freescale Semiconductor, Inc.*, 820 F. Supp. 2d 1040, 1044 (D. Ariz. 2011) (concluding that the defendants did not show good cause for a bar because the defendants' concerns did not outweigh the disadvantages to the plaintiff); *Trading Techs. Int'l, Inc. v. BCG Partners, Inc.*, No. 10 C 715, 2011 U.S. Dist. LEXIS 48337, at *18–27, 2011 WL 1748607, at *6–9 (N.D. Ill. May 5, 2011) (refusing to disqualify counsel and deny a party its choice of counsel based on what may or may not happen in the future); *Pfizer, Inc. v. Apotex, Inc.*, 744 F. Supp. 2d 758, 766–67 (N.D. Ill. 2010) (balancing the injury to one party with the need of the other party); *Xerox Corp. v. Google, Inc.*, 270 F.R.D. 182, 185–86 (D. Del. 2010) (denying the defendant's proposed reexamination bar for lack of good cause). But see *Applied Signal Tech., Inc. v. Emerging Mkts Commc'ns., Inc.*, No. C-09-02180 SBA (DMR), 2011 U.S. Dist. LEXIS 97403, at *14, 2011 WL 197811, at *4 (N.D. Cal. Jan. 20, 2011) (applying a prosecution bar to the party's expert).

97. See, e.g., *Frank Brunckhorst Co. v. Ihm*, No. 11-1883 CAB (NLS), 2012 U.S. Dist. LEXIS 28152, at *1, 2012 WL 684760, at *1 (S.D. Cal. Mar. 2, 2012) (granting a joint motion for protective order requested by the parties after negotiations over the terms of the order failed); *Applied Signal*, 2011 U.S. Dist. LEXIS 97403, at *4–5, 2011 WL 197811, at *1 (arising from a dispute regarding the terms of a protective order as part of a patent infringement suit between competing satellite communications companies); *Trading Techs. Int'l, Inc. v. GL Consultants*, No. 5 C 4120, 05 CD 5164, 2011 U.S. Dist. LEXIS 5876, at *3–4, 2011 WL 148252, at *1 (N.D. Ill. Jan. 18, 2011) (resulting from the defendant's proposal to modify an existing protective order after the parties spent what the court characterized as “a massive amount of time and briefing on [the] issues”), *motion to modify denied sub nom.*, *Trading Techs, Int'l, Inc. v. BGC Partners, Inc.*, 2011 U.S. Dist. LEXIS 43668, 2011 WL 1547769 (N.D. Ill. Apr. 22, 2011).

substantial relationship test—a lawyer who receives information is barred from competitive decision-making involving technology “substantially related” to the patent-in-suit—this may prove as clear as this context permits, provide at least some basis for lawyers to judge their conduct, and have an anchor in policies underlying protection of confidential information. Yet the phrase “substantially related” is subject to wide-ranging interpretations.⁹⁸ However, because the substantial relationship test is viewed as adequate to balance the interests of former *clients*, lawyers, and the public, it should be sufficient to balance the interests of *opponents*, lawyers, and the public. The problem with applying the substantial relationship standard does not mean it is not the correct one; it simply means that there is an inherent vagueness in the inquiry.

The geographic scope of the bar may need to be stated. Typically, a prosecution bar should cover not only U.S. filings, but also representations involving foreign filings, to the extent that these also present risks of competitive decision-making.⁹⁹ Likewise, whether reexamination proceedings, interference proceedings, IPR, licensing, and other forms of representation such as handling matters related to abbreviated new drug applications (ANDAs) before the FDA and patent acquisition activities should be included may also be important considerations.¹⁰⁰

Leaving the scope on this aspect of the bar unclear or unspecified will create uncertainty. Even those district courts that, prior to *Deutsche Bank*, seemed to equate patent prosecution with competitive decision-making nonetheless did not automatically include participation in

98. See *In re American Airlines, Inc.* 972 F.2d 605, 614 (5th Cir. 1992) (requiring that the party moving to disqualify opposing counsel specifically describe the subject matter of prior and current representation to establish a substantial relationship); *Smith v. Whatcott*, 757 F.2d 1098, 1100 (10th Cir. 1985) (“Substantiality exists if the factual contexts of the two representations are similar or related.” (quoting *Trust Corp. of Mont. v. Piper Aircraft Corp.*, 701 F.2d 85, 87 (9th Cir. 1983))); *Gov’t of India v. Cook Indus., Inc.*, 569 F.2d 737, 739–40 (2d Cir. 1978) (stating the substantial relationship test mandates a showing of patent clarity that the issues involved in the prior and current cases are “identical or essentially the same”); *Uhlrig v. Harder*, No. 93-1009-PFK, 1993 U.S. Dist. LEXIS 9694, at *12 n.3, 1993 WL 246006, at *5 n.3 (D. Kan. June 3, 1993) (explaining one aspect of the split); *Moyroud v. Itek Corp.*, 528 F. Supp. 707, 708–09 (S.D. Fla. 1981) (holding two patents not substantially related based on their shared technology field).

99. *Medtronic, Inc. v. Guidant Corp.*, No. 00-1473 (MJD/JGL), No. 00-2503 (MJD/JGL), 2001 U.S. Dist. LEXIS 22805, at *11, 2001 WL 34784493, at *4 (D. Minn. Dec. 19, 2001) (seeking a bar as to domestic and foreign filings), *aff’d*, No. 00-1473 (MJD/JGL), 2002 U.S. Dist. LEXIS 1758, 2002 WL 171711 (D. Minn. Jan. 29, 2002).

100. See *Warner Chilcott Labs. Ir. Ltd. v. Impax Labs., Inc.*, No. 08-6304 (WJM), 2009 U.S. Dist. LEXIS 100864, at *15, 2009 WL 3627947, at *4 (D.N.J. Oct. 29, 2009) (analyzing reexamination and FDA bar), *vacated and remanded on other grounds*, 451 F. App’x 935 (Fed. Cir. 2011), *reh’g denied* (Jan. 31, 2012).

reexamination¹⁰¹ in the same category.¹⁰² One court explained why, in this context, reexamination was different from patent prosecution:

Claims can only be narrowed during reexamination; they cannot be broadened. This is very different from patent prosecution where claim scope is being initially determined. Thus, the risk of harm to [defendant] is already greatly limited. [Defendant] contends that it is possible that [plaintiff] could narrow claims in a manner that captures [defendant's] products rather than in a way that would exclude [defendant's] products. While this may be true, it would be very short sighted for a patentee to intentionally limit claim scope to specifically capture one defendant's products at the expense of excluding other would-be infringers' products. Additionally, purposefully doing so would violate the terms of the protective order.¹⁰³

Some courts rely on the fact that claims can only be narrowed—or kept the same—during reexamination and so there is ostensibly less risk of misuse.¹⁰⁴ Such courts conclude that it “mitigates the potential to misuse PTO procedures to gain a collateral business or litigation advantage, thereby rendering a prosecution bar in the reexamination context largely unnecessary.”¹⁰⁵

101. Inter partes reexaminations were replaced under the AIA by “inter partes review,” but reexaminations will continue for many years into the future, as many remain pending. *See Leahy-Smith America Invents Act*, Pub. L. No. 112-29, 125 Stat. 299 (2011) (amending 35 U.S.C. to provide patent reform).

102. *See Phoenix Solutions Inc. v. Wells Fargo Bank, N.A.*, 254 F.R.D. 568, 580 (N.D. Cal. 2008) (“[S]everal courts have concluded that patent prosecution is, by its very nature, a form of competitive decision-making because patent attorneys can control the nature and scope of a patented invention.”); *In re Papst Licensing, GmbH*, Patent Litig., No. MDL 1298, 2000 U.S. Dist. LEXIS 6374, at *8, 2000 WL 554219, at *3 (E.D. La. May 4, 2000) (reasoning that patent prosecution is synonymous with “competitive decision-making”).

103. *Mirror Worlds, LLC v. Apple, Inc.*, No. 6:08CV88, 2009 U.S. Dist. LEXIS 70092, at *5–6, 2009 WL 2461808, at *2 (E.D. Tex. Aug. 11, 2009); *see also Document Generation Corp. v. Allscripts LLC*, No. 6:08-CV-479, 2009 U.S. Dist. LEXIS 52874, at *9–10, 2009 WL 1766096, at *3 (E.D. Tex. June 23, 2009) (weighing the merits of the strict protective order against a plaintiff's right to participate in reexamination).

104. *Ameranth, Inc. v. Pizza Hut, Inc.*, No. 3:11-CV-01810-JLS, 2012 U.S. Dist. LEXIS 20483, at *19, 2012 WL 528248, at *6 (S.D. Cal. Feb. 1, 2012); *see also Edisync Sys., LLC v. Adobe Sys., Inc.*, No. 12-CV-02231-MSK-MEH, 2013 U.S. Dist. LEXIS 20044, at *6, 2013 WL 561474, at *2 (D. Colo. Feb. 13, 2013) (arguing that a bar was needed because, upon reviewing its documents, opposing counsel might “decide *not* to amend its claims, add new claims, or distinguish prior art in strategic ways”).

105. *Pall Corp. v. Entegris, Inc.*, 655 F. Supp. 2d 169, 173 (E.D.N.Y. 2008); *accord Ameranth*, 2012 U.S. Dist. LEXIS 20483, at *18–19, 2012 WL 528248, at *6 (“The restrictions placed on reexamination both underscore the distinction between initial patent prosecution and reexamination, and effectively mitigate the potential to misuse PTO procedures.”); *see also Unwired Planet LLC v. Apple Inc.*, No. 3:12-CV-00505-RCJ, 2013 U.S. Dist. LEXIS 52261, at *17–18, 2013 WL 1501489, at *6 (D. Nev. Apr. 11, 2013) (balancing competing interests to determine the scope of the

Even so, circumstances could arise where, for example, a practitioner is aware of prior art and confidential future products and is in position to carefully craft claims to avoid the former but capture the latter, or to make other decisions influenced by confidential information. The showing to justify a bar is high because of the lessened risk of altering the claim's scope to capture an as-yet released product.¹⁰⁶ The general possibility that a practitioner may not amend claims, add new ones, or strategically address the prior art has been found insufficient.¹⁰⁷ Thus, although reexamination is less likely to implicate the need for a bar, a practitioner's involvement in reexamination can implicate potential misuse of information.¹⁰⁸ Counsel should carefully assess the facts involved and determine whether the bar should reach these proceedings.

Reissue proceedings, if in the period when broadening reissue is permitted, clearly implicate the potential for misuse, and should normally be included.¹⁰⁹ While the risk for misuse is less when broadening is no longer permitted, particular facts may indicate a risk.¹¹⁰ Likewise, a bar

prosecution bar upon reexamination); *Kelora Sys., LLC v. Target Corp.*, No. C 11-02284 CW LB, 2011 U.S. Dist. LEXIS 96724, at *20, 2011 WL 6000759, at *7 (N.D. Cal. Aug. 29, 2011) ("The scope of prohibited activities is limited to 'directly or indirectly drafting, amending, advising, or otherwise affecting the scope or maintenance of patent claims,' which is appropriately limited."); *Applied Signal Tech., Inc. v. Emerging Mkts. Commc'ns, Inc.*, No. C-09-02180 SBA DMR, 2011 U.S. Dist. LEXIS 97403, at *12, 2011 WL 197811, at *3 (N.D. Cal. Jan. 20, 2011) (broadening the scope of a prosecution bar); *Kenexa Brassring Inc. v. Talao Corp.*, No. 07-521-SLR, 2009 U.S. Dist. LEXIS 12002, at *4-5, 2009 WL 393782, at *2 (D. Del. Feb. 18, 2009) (contemplating granting a full prohibition on reexamination).

106. See *Sanders v. Mosaic Co.*, No. 09-00016-CV-W-JTM, 2012 U.S. Dist. LEXIS 24584, at *10-11, 2012 WL 640159, at *2 (W.D. Mo. Feb. 27, 2012) (describing the burden on the party moving to bar); *NeXedge, LLC v. Freescale Semiconductor, Inc.*, 820 F. Supp. 2d 1040, 1043 (D. Ariz. 2011) (balancing the requirements for enacting a bar by looking at the risks of disclosure).

107. *Edisync Sys.*, 2013 U.S. Dist. LEXIS 20044, at *6, 2013 WL 561474 at *2 (D. Colo. Feb. 13, 2013).

108. See *Sanders*, 2012 U.S. Dist. LEXIS 24584, *15, 2012 WL 640159, at *4 (denying a motion to bar litigation); *NeXedge*, 820 F. Supp. 2d at 1044 (denying a bar because of the nature of reexamination); *Xerox Corp. v. Google, Inc.*, 270 F.R.D. 182, 184 (D. Del. 2010) (applying *Deutsche Bank* to reexamination and finding that the lessened risk of misuse outweighed the need for a bar); *Crystal Image Tech., Inc. v. Mitsubishi Elec. Corp.*, No. CIV A 08-307, 2009 U.S. Dist. LEXIS 32972, at *3, 2009 WL 1035017, at *1 (W.D. Pa. Apr. 17, 2009) (collecting cases that bar access to lawyers who are involved in reexamination proceedings), *construed by*, 2010 U.S. Dist. LEXIS 48158, 2010 WL 1979298 (W.D. Pa. Apr. 9, 2010), *report and recommendation adopted*, 2010 U.S. Dist. LEXIS 48290, 2010 WL 1978760 (W.D. Pa. May 17, 2010); *Microunity Sys., Eng'g, Inc. v. Dell, Inc.*, No. 2:04-CV-00120-TJW, 2005 WL 2299440, at *9 (E.D. Tex. July 18, 2005) (moving for clarification that the protective order precluded participation in reexamination proceedings, but denying that scope of protection).

109. *Ameranth*, 2012 U.S. Dist. LEXIS 20483, at *18, 2012 WL 528248, at *6.

110. See *In re Deutsche Bank Trust Co. Ams.*, 605 F.3d 1373, 1379-80 (Fed. Cir. 2010) (giving examples of facts that courts should consider when determining risk).

may be warranted where a practitioner is participating in appeals or any proceeding in which broadening amendments or other potential for misuse is a reasonable concern.¹¹¹

The adoption of the AIA creates the need for lawyers to examine existing protective orders to identify whether “forms” in use need to be updated, because it may be unclear whether IPR proceedings are within the scope of any bar. The district court in *Prolitec Inc. v. ScentAir Technologies, Inc.*¹¹² addressed that scenario. It concluded that the parties had agreed that IPR was within the scope of their protective order, but then turned to the question of whether counsel’s role in IPR would permit misuse of any information exchanged in the litigation.¹¹³ Noting that the parties had failed to provide “few specific facts regarding counsel’s role” in the proceeding, it relied upon the fact that during IPR claims may be substituted and amended.¹¹⁴ Specifically, the court pointed to 37 C.F.R. § 42.121, which provides:

(a) *Motion to amend.* A patent owner may file one motion to amend a patent, but only after conferring with the Board.

(1) *Due date.* Unless a due date is provided in a Board order, a motion to amend must be filed no later than the filing of a patent owner response.

(2) *Scope.* A motion to amend may be denied where:

(i) The amendment does not respond to a ground of unpatentability involved in the trial; or

(ii) The amendment seeks to enlarge the scope of the claims of the patent or introduce new subject matter.

(3) *A reasonable number of substitute claims.* A motion to amend may cancel a challenged claim or propose a reasonable number of substitute claims. The presumption is that only one substitute claim would be needed to replace each challenged claim, and it may be rebutted by a demonstration of need . . .

. . .

(c) *Additional motion to amend.* In addition to the requirements set forth in paragraphs (a) and (b) of this section, any additional motion to amend may not be filed without Board authorization. An additional motion to amend

111. See *Ameranth*, 2012 U.S. Dist. LEXIS 20483, at *10–11, 2012 WL 528248, at *3 (describing the situations when a bar is necessary).

112. *Prolitec Inc. v. ScentAir Techs., Inc.*, No. 12-C-483, 2013 U.S. Dist. LEXIS 70057, 2013 WL 2138193 (E.D. Wis. May. 17, 2013).

113. *Id.* at *9–10, 2013 WL 2138193, at *3.

114. *Id.* at *9, 2013 WL 2138193, at *3.

may be authorized when there is a good cause showing or a joint request of the petitioner and the patent owner to materially advance a settlement.¹¹⁵

All of this relates to the definition of “prosecution.” Incorporating into the protective order exactly which activities are prohibited and which are not is crucial. For example, some courts hold that the bar only applies to lawyers “who actually draft patent applications, claim language for patent applications or arguments made in support of patent applications related to” the disclosed materials.¹¹⁶ The definition can be critical and it should be clear. For example, in *Chan v. Intuit, Inc.*,¹¹⁷ the party seeking to bar the opposing party from access to information defined patent prosecution, or “patenting,” as follows:

(a) “Patenting” shall mean and include:

- (i) preparing and/or prosecuting any patent application (or portion thereof), whether design or utility, and either in the United States or abroad, or participating in a reexamination or reissue proceeding . . . ;
- (ii) preparing patent claim(s) relating to any of the fields listed above;
- (iii) 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) relating to the field(s) listed . . . above; and
- (iv) assisting, supervising, and/or providing counsel to anyone in connection with doing any of the foregoing.¹¹⁸

Finally, as noted above, the prosecuting litigator should determine whether the protective order should make an exception for disclosures

115. *Id.* at *13, 2013 WL 2138193, at *5 (quoting 37 C.F.R. § 42.121 (2013)). The court went on, however, to engage in equitable balancing and permitted counsel to participate in the IPR, subject to “to the extent that neither may amend, substitute, or add claims to either patent during that proceeding.” *Id.*

116. *Medtronic, Inc. v. Guidant Corp.*, No. 00-1473 (MJD/JGL), No. 00-2503 (MJD/JGL), 2001 U.S. Dist. LEXIS 22805, at *15, 2001 WL 34784493, at *5 (D. Minn. Dec. 19, 2001), *aff'd*, No. 00-1473 (MJD/JGL), 2002 U.S. Dist. LEXIS 1758, 2002 WL 171711 (D. Minn. Jan. 29, 2002).

117. *Chan v. Intuit, Inc.*, 218 F.R.D. 659 (N.D. Cal. 2003).

118. *Id.* at 660–61. The district court rejected the plaintiff’s challenge that paragraph 4(a)(iii) was overbroad, but held that Paragraph 4(a)(iv) was “too broad and therefore overly restrictive.” *Id.* at 662. Inclusion in a protective order of too broad a definition unnecessarily and perhaps unfairly restricts the prosecution activities of the prosecuting litigator, and with little actual, commensurate benefit to the opposing party. *See also* *Andrx Pharm., LLC v. GlaxoSmithKline, PLC*, 236 F.R.D. 583 (S.D. Fla. 2006) (advising with respect to scope of claims constituted competitive decision-making), *aff'd*, No. 05-23264CV, 2006 U.S. Dist. LEXIS 58254, 2006 WL 2403942 (S.D. Fla. Aug. 14, 2006).

appropriate under the PTO procedure in the Manual for Patent Examining Procedure (MPEP) Section 724.¹¹⁹ By including such a provision, the prosecuting litigator can ensure that the protective order permits disclosure to the PTO of material information in a manner that preserves the confidentiality of the information.

The foregoing discussion focused on patent prosecution and how it should be defined. However, confidential information can be misused in various ways that counsel may need to include in the scope of barred activities. For example, Apple recently sought to bar opposing counsel who advised on patent acquisition strategies from having access to its proprietary information, due to the risk that opposing counsel would advise their client to acquire patents to assert against Apple.¹²⁰ Counsel should consider whether the licensing activities of a lawyer receiving protected information constitutes competitive decision-making and, if so, should be included within the protective order for purposes of clarity and ease of administration.¹²¹

2. Scope of Personnel Covered by the Bar

In addition to determining what should be barred, counsel also should consider who should be covered. Normally this can be done by definition: any person who engages in the barred activities is precluded from those

119. The public policy in ensuring that material information be disclosed to the PTO should, if it can be done in compliance with Section 724, outweigh any need to avoid disclosing information to the PTO. *Cf. Beckman Indus., Inc. v. Int'l Ins. Co.*, 966 F.2d 470, 475 (9th Cir. 1992) (analyzing modification of a protective order to permit disclosure of information in other court proceedings).

120. *Unwired Planet LLC v. Apple Inc.*, No. 3:12-CV-00505-RCJ, 2013 U.S. Dist. LEXIS 52261, at *3–4, 2013 WL 1501489, at *1 (D. Nev. Apr. 11, 2013).

121. Parties have sought “licensing” bars in protective orders, whereby recipients of an opposing party’s information are prohibited from engaging in license negotiations and related activities. *See Barnes and Noble, Inc. v. LSI Corp.*, No. C 11-02709, 2012 U.S. Dist. LEXIS 23103, at *17, 2012 WL 601806, at *3–4 (N.D. Cal. Feb. 23, 2012) (arguing that access to licensing agreements would provide in-house counsel access to confidential information that would otherwise be out of reach); *Nazomi Commc’ns, Inc. v. Arm Holdings PLC*, No. C 02-02521-JF, 2002 U.S. Dist. LEXIS 21400, at *10, 2002 WL 32831822, at *3 (N.D. Cal. Oct. 11, 2002) (“As with patent prosecution, attorneys who both litigate and negotiate licenses for a client may be considered decision makers under a U.S. Steel analysis.”), *vacated on other grounds*, 403 F.3d 1364 (Fed. Cir. 2005); *see also Intel Corp. v. VIA Techs., Inc.*, 198 F.R.D. 525, 530 (N.D. Cal. 2000) (holding that involvement of in-house counsel “in licensing . . . constitutes competitive decision-making”). *See generally* Louis S. Sorell, *In-House Access to Confidential Information Produced During Discovery in Intellectual Property Litigation*, 27 J. MARSHALL L. REV. 657 (1994) (emphasizing that Federal Circuit law is the controlling law when drafting and approving protective orders).

activities, or from receiving protected information.¹²² However, it may be that if opposing counsel is not engaged in competitive decision-making and is in a very small firm where other lawyers do that work, then their conduct should be taken into account in determining whether litigation counsel is covered.¹²³

B. *Counsel Should Avoid Potential Conflicts and Liability*

A prosecuting litigator facing the choice of whether to access confidential material from an opposing party during litigation should consider interests of both the lawyer and the client. For example, the lawyer's own interests could conflict with, or differ from, the client's interests on the question of whether to seek a narrow or broad protective order.¹²⁴ Further, agreeing to work under a prosecution bar means risk for the lawyer, since receiving information while prosecuting patents or engaging in competitive decision-making creates the risk of inadvertent misuse as well as a charge of intentional wrong-doing.¹²⁵ A lawyer may want to avoid facing liability for exposure to confidences, and so will not want to oppose entry of a protective order. Or, the lawyer may not want

122. See *Ameranth, Inc. v. Pizza Hut, Inc.*, No. 3:11-CV-01810-JLS, 2012 U.S. Dist. LEXIS 20483, at *12–13, 2012 WL 528248, at *4 (S.D. Cal. Feb. 1, 2012) (determining the scope of activities that could lead to someone being barred); *Crystal Image Tech., Inc. v. Mitsubishi Elec. Corp.*, No. CIV A 08-307, 2009 U.S. Dist. LEXIS 32972, at *9, 2009 WL 1035017, at *3 (W.D. Pa. Apr. 17, 2009) (“[T]he Court will restrict litigation counsel’s participation in the reexamination process to instances in which it is the opposing party who initiates reexamination . . .”), *construed by* 2010 U.S. Dist. LEXIS 48158, 2010 WL 1979298 (W.D. Pa. Apr. 9, 2010), *report and recommendation adopted*, 2010 U.S. Dist. LEXIS 48290, 2010 WL 1978760 (W.D. Pa. May 17, 2010).

123. See *In re Deutsche Bank Trust Co. Ams.*, 605 F.3d 1373, 1381 (Fed. Cir. 2010) (holding “that the party . . . must show . . . that counsel’s representation . . . does not and is not likely to implicate competitive decision-making” in order to proceed); *Nazomi Commc’ns*, U.S. Dist. LEXIS 21400, at *10, 2002 WL 32831822 at *3 (determining that the limited relationship between Nazomi Communications, Inc. and its counsel was limited to the extent that there was only a “slight” risk of inadvertent disclosure and that the “prospective bar prohibiting Cooley attorneys from prosecuting patents on behalf of other clients is not warranted”); *Applied Signal Tech., Inc. v. Emerging Mkts. Commc’ns, Inc.*, No. C-09-02180 SBA, 2011 U.S. Dist. LEXIS 97403, at *9 2011 WL 197811, at *2 (N.D. Cal. Jan. 20, 2011) (suggesting that it is more burdensome to hire outside counsel to hire new experts).

124. See MODEL RULES OF PROF’L CONDUCT R. 1.7(a) (2013) (“[A] lawyer shall not represent a client if . . . one client will be directly adverse to another client.”). See generally Lisa Dolak, *Risky Business: The Perils of Representing Competitors*, 30 AIPLA Q.J. 413 (2002) (analyzing Model Rule 1.7 and issues related to patent representations).

125. See MODEL RULES OF PROF’L CONDUCT R. 1.7(a) (2013) (explaining the risks of having similar, yet competitive, clients). See generally Lisa Dolak, *Risky Business: The Perils of Representing Competitors*, 30 AIPLA Q.J. 413 (2002) (discussing Model Rule 1.7 and the risks related to patent representations of multiple clients).

to accept the ban on prosecuting applications because of his obligations to, and fees received from, the representation of other prosecution clients. In addition, the client may not appreciate that by having her prosecuting counsel litigate the case, she is risking having ownership of later-filed applications contested—through assertion of a constructive trust, for example—and may not want to face that risk, however slight.

If a concurrent conflict of interest exists, the lawyer must obtain the informed consent of the client after consultation.¹²⁶ The lawyer should fully inform the client of the potential risks and benefits of the proposed course of action when necessary.¹²⁷

This section discusses the risks—to both clients as well as lawyers—associated with refusing to accept a prosecution bar, or of remaining a prosecuting litigator in a case with a narrow bar in place.

The short-term benefit of avoiding the bar creates a difficulty for lawyer and client. The client is able to continue to enjoy the benefits of being represented by prosecution counsel, who presumably is knowledgeable in the technology. Yet, the short-term benefit may be outweighed by long-term costs—costs that the client may not recognize and appreciate absent consultation with the lawyer.¹²⁸ The client may not understand that even if the lawyer succeeds in obtaining entry of a protective order that does not preclude prosecution activities, doing so may place the lawyer, and perhaps his client as well, in a worse situation: the lawyer is now in a position of being accused of receiving confidential information of an opponent, and then turning around and using that information to benefit his client.¹²⁹ Furthermore, he must be careful during prosecution to comply with 37 C.F.R. § 1.56—when disclosing information subject to a protective order

126. MODEL RULES OF PROF'L CONDUCT R. 1.7(b)(4) (2013). *See generally* Lisa Dolak, *Risky Business: The Perils of Representing Competitors*, 30 AIPLA Q.J. 413, 417–18 (2002) (describing operation of Model Rule 1.7 in patent representations).

127. MODEL RULES OF PROF'L CONDUCT R. 1.7(b)(4) (2013). *See generally* Lisa Dolak, *Risky Business: The Perils of Representing Competitors*, 30 AIPLA Q.J. 413, 414 (2002) (“Similarly, clients looking for sophisticated trademark and copyright services often seek advice from actioners who represent other clients in their particular industries.”).

128. *See* MODEL RULES OF PROF'L CONDUCT R. 1.7(b)(1)–(4) (stating that even if there is a conflict of interest, the lawyer may still represent the client if, among other things, the client gives informed consent). *See generally* Lisa Dolak, *Risky Business: The Perils of Representing Competitors*, 30 AIPLA Q.J. 413, 421–22 (2002) (“[E]ven if disciplinary grievance is not filed, or a violation cannot be established, representing competitors can give rise to malpractice allegations . . .”).

129. *See, e.g.,* *Eagle Comtronics, Inc. v. Arrow Comm'n Labs., Inc.*, 305 F.3d 1303, 1311 (Fed. Cir. 2002) (detailing a situation where a protective order did not preclude prosecution activities); *see also* Lisa Dolak, *Recognizing and Resolving Conflicts of Interest in Intellectual Property Matters*, 42 IDEA 453, 456 (1999) (discussing that at the very heart of lawyer ethics is the duty to past and present clients).

to the extent required by that section, but in compliance with PTO procedures—and to ensure that his client gives informed consent to his continued prosecution in light of the risks and the limitations created by access to competitor information.¹³⁰

Perhaps the central risk the prosecuting litigator faces is that by gaining access to information, he can be accused of having used the information for the benefit of his client during prosecution or other competitive decision-making representations.¹³¹ His client, too, has been placed at similar risk because the opposing party can contend that the client received the patent only through the lawyer's use of information exchanged in discovery.¹³² In the context of patent prosecution, misuse of confidential information to obtain patents has already resulted in substantial liability. Lawyers have been sued for using one client's information to obtain patents for another client.¹³³ These cases arose in the context of firms prosecuting applications for multiple clients, and so the lawyers misused information gained through the attorney–client relationship, not through disclosure during discovery.¹³⁴ Therefore, this use will violate any protective order, either through violation of a general “use only for this litigation” clause or through violation of a bar.¹³⁵ Thus, the potential for the same sort of liability exists for prosecuting litigators who acquire competitors' proprietary information while conducting discovery to use for the benefit of their clients during prosecution.

Prosecuting litigators have also been sanctioned for disclosing to the PTO information produced by an opposing party during litigation that

130. MPEP § 724.01 (8th ed. Rev. 9, Aug. 2012); *see also* 37 C.F.R. § 1.56 (“The duty to disclose information exists with respect to each pending claim.”).

131. *Cf.* Lisa Dolak, *Risky Business: The Perils of Representing Competitors*, 30 AIPLA Q.J. 413, 421–22 (2002) (acknowledging the likely dangers attorneys face when dealing with simultaneous representation because of potentially subconscious use or misuse of information).

132. *See Kaempe v. Myers*, 367 F.3d 958, 966 (D.C. Cir. 2004) (affirming the dismissal of malpractice claim against a law firm based on conversion of patent rights); *Am. Stock Exch., LLC v. Mopex, Inc.*, 230 F. Supp. 2d 333, 336–37 (S.D.N.Y. 2002) (analyzing a claim for constructive trust over patents based on misuse of trade secrets); *Bausch & Lomb Inc. v. Alcon Labs., Inc.*, 64 F. Supp. 2d 233, 235 (W.D.N.Y. 1999) (recognizing a claim on indefiniteness and counterclaims of misappropriation of trade secrets, unfair competition, and constructive trust).

133. Professor Lisa Dolak describes suits in which one client claimed that its lawyers used its proprietary information to obtain patents for another client. Lisa Dolak, *Recognizing and Resolving Conflicts of Interest in Intellectual Property Matters*, 42 IDEA 453, 468–71 (1999).

134. *See Kaempe*, 367 F.3d at 960 (claiming the attorney converted the client's interest in a patent by giving it to a third party); *see also Bausch & Lomb*, 64 F. Supp. 2d at 245–46 (discussing the defendant's counterclaims for misappropriation of trade secrets).

135. *See Eagle Comtronics, Inc. v. Arrow Commc'n Labs., Inc.*, 305 F.3d 1303, 1317–18 (Fed. Cir. 2002) (holding that an attorney violated the protective order when he made copies of a patent without the consent of the court).

was material to a client's application. Specifically, in *Eagle Comtronics, Inc. v. Arrow Communication Laboratories, Inc.*,¹³⁶ lawyers for the defendant obtained a patent application from the plaintiff during discovery, which they believed disclosed an invention that was actually conceived by one of plaintiff's employees, a former employee of the defendant (Lamb).¹³⁷ Even though a protective order in the case precluded using discovery materials for any purpose other than the litigation, the lawyers made photocopies of the joint application and submitted them to the PTO: one part of the application listed only Lamb as the inventor, and the other part listed both Lamb and the plaintiff's employees—one of whom, Gould, was also a former employee of the defendant—as co-inventors.¹³⁸

On appeal, the Federal Circuit found that the district court had abused its discretion in finding the lawyer's conduct was "not egregious enough to warrant an order to show cause" and reversed the district court's denial of sanctions.¹³⁹ In doing so, the court stated:

The conduct in this case was indeed egregious and amounted to much more than Eagle providing the PTO with material that it already possessed Patent applications are preserved in secrecy by both law . . . and regulation . . . for a reason. The integrity of the patent system is maintained in part by inventors' understanding that their patent applications will remain secret until either the patents issue or the applications are otherwise published by the PTO. Breaches of this secrecy undermine the integrity of the patent system.¹⁴⁰

Thus, a lawyer who obtains information during discovery that may be material to his client's pending patent applications may not use that information for purposes other than the litigation—if the protective order so provides.¹⁴¹ Ignoring that obligation can—and in light of the Federal Circuit's finding of an abuse of discretion in *Eagle Comtronics*, often will—result in sanctions.¹⁴²

136. *Eagle Comtronics, Inc. v. Arrow Commc'n Labs., Inc.*, 305 F.3d 1303 (Fed. Cir. 2002).

137. *Id.* at 1311.

138. *Id.*

139. *Id.* at 1312, 1314–15.

140. *Id.* at 1314 (citations omitted).

141. See *Damper Design, Inc. v. Cleveland Elec. Illuminating Co.*, No. 94-1223, 1995 U.S. App. LEXIS 3520, at *1, 1995 WL 71339, at *1 (Fed. Cir. Feb. 21, 1995) (reversing the trial court's decision that prosecuting litigator had violated a protective order by amending certain words in a patent application after seeing those words in discovery responses of the opponent because the lawyer had previously used those same words).

142. See *Eagle Comtronics*, 305 F.3d at 1314 (holding that "the district court abused its discretion" when it refused to sanction defendant for unauthorized conduct).

Another risk of being exposed to information from an opposing party during litigation is the potential for inequitable conduct. It is clear that a lawyer, who as a result of entry of a protective order in a case does not learn of material information, cannot be held to have committed inequitable conduct by failing later to disclose that information to the PTO.¹⁴³ Suppose, however, that a prosecuting litigator learns information through discovery from an opposing party that is material to patentability of an application he is prosecuting for a client: this attorney would be more likely to face sanctions.

Inequitable conduct has been found where parties fail to disclose to the PTO information gleaned during discovery.¹⁴⁴ *Eagle Comtronics* shows that protective orders that contain the common provision restricting the use of discovery materials to “this action” do not contemplate disclosure to the PTO.¹⁴⁵

Given that a practitioner who receives information subject to a protective order may not disclose it to the PTO without violating the protective order, does the presence of the protective order provide justification for nondisclosure to the PTO? If not, then may a lawyer withdraw from prosecution without disclosing the information?

The absence of well-developed authority on that issue provides another reason for prosecuting litigators to avoid exposure to discovery materials. It was only in May 2004 that the PTO adopted revisions to the MPEP to provide a limited procedural path through this dilemma.¹⁴⁶ Specifically, the MPEP permits practitioners, under certain circumstances, to disclose information that is subject to a protective order to the PTO under seal.¹⁴⁷ The provision was added in light of the recognition that “[s]ituations arise in which it becomes necessary, or desirable, for parties to proceedings in the Patent and Trademark Office relating to pending patent applications

143. See *Arthrocare Corp. v. Smith & Nephew, Inc.*, 310 F. Supp. 2d 638, 676–77 (D. Del. 2004) (finding that a protective order entered in a prior case had shielded persons involved in prosecuting an application from learning of certain information, and therefore no inequitable conduct existed in their failure not to disclose that information), *aff’d in part, vacated in part on other grounds, remanded* 406 F.3d 1365 (Fed. Cir. 2005).

144. See, e.g., *ICU Med., Inc. v. B. Braun Med. Inc.*, No. C 01-3202 CRB, 2005 U.S. Dist. LEXIS 40710, at *2–3, *48, 2005 WL 588341, at *1, *16 (N.D. Cal. Mar. 14, 2005) (denying motion for summary judgment because the failure to disclose information gained through discovery to PTO raises the genuine issue of inequitable conduct).

145. *Eagle Comtronics*, 305 F.3d at 1311, 1314.

146. See generally Manual of Patent Examining Procedure, *Previous Editions and Revisions*, U.S. PATENT AND TRADEMARK OFFICE (Sept. 28, 2013, 4:30 PM), <http://www.uspto.gov/web/offices/pac/mpep/> (listing previous editions and revision history of the MPEP).

147. MPEP § 724.01(8th ed. Rev. 9, Aug. 2012).

or reexamination proceedings to submit to the Office trade secret, proprietary, and/or protective order materials.”¹⁴⁸ However, the MPEP gives practitioners authority to submit materials under seal only in limited circumstances, and specifically excludes doing so with respect to information “submitted in amendments, arguments in favor of patentability, or affidavits under 37 C.F.R. [§] 1.131 or [§] 1.132.”¹⁴⁹

Despite its limitations, this new PTO procedure provides a key—even if partial—means to reduce controversies for prosecuting litigators. Prosecuting litigators should ensure that any applicable protective order specifies that information may be disclosed to the PTO when it may be done so in accordance with the applicable MPEP sections.¹⁵⁰ Including such a provision is important because protective orders that limit use of information to “this action” may be construed not to permit disclosure to the PTO.¹⁵¹ Thus, even if the procedure under MPEP Section 724 is available, a lawyer who is subject to a protective order precluding any use other than for “this action” may not be able to take advantage of the MPEP procedure because doing so would violate the protective order.¹⁵²

No doubt various other fact patterns and combinations of activities can create other problems. Lawyers attempting to combine roles should ensure that they thoroughly analyze the various roles of the actors involved.

V. POLICIES AND PRACTICAL CONCERNS THE JUDICIARY SHOULD CONSIDER IN DETERMINING WHETHER THE MOVANT HAS SHOWN GOOD CAUSE FOR A PROPOSED BAR, OR ITS PREJUDICIAL EFFECT OUTWEIGHS ITS BENEFITS

A. *Courts Should Consider Practical and Policy Issues When Determining Whether to Impose a Bar and When Assessing Its Subject Matter and Temporal Breadth*

148. *Id.* § 724.

149. *Id.* § 724.03. See generally *Reminder of the Proper Procedure for Filing Confidential Information*, Off. Gaz. Pat. & Trademark Office Notice (May 18, 2004), available at <http://www.uspto.gov/web/offices/com/sol/og/2004/week20/patinfo.htm> (discussing MPEP § 724.02).

150. See *Reminder of the Proper Procedure for Filing Confidential Information*, Off. Gaz. Pat. & Trademark Office Notice (May 18, 2004), available at <http://www.uspto.gov/web/offices/com/sol/og/2004/week20/patinfo.htm> (reiterating the proper procedure when filing patent applications).

151. *Eagle Comtronics, Inc. v. Arrow Commc’n Labs., Inc.*, 305 F.3d 1303, 1314 (Fed. Cir. 2002).

152. *Id.* (concluding that the protective order was violated because it plainly stated that the marked items “shall not be used for any purpose other than for this action”).

The terms of the protective order on each of these issues can dramatically affect not just the client but the lawyer as well. For example, many patent practitioners develop expertise in narrow technologies,¹⁵³ and thus a ban as to all clients in a “field” or “subject matter”—if broadly defined—could cost the lawyer significant revenue. Likewise, a client who relies on such a practitioner for prosecution and loses the lawyer’s service because of entry of a protective order will face substantial costs in educating another lawyer on the technology and applications.¹⁵⁴

The increasing frequency at which parties are disputing the need for or scope of protective orders suggests two possibilities: first, lawyers are seeking to be in a position to misuse information—a dubious proposition, but a possibility—or, second, those seeking prosecution bars are attempting to obtain protections that are too broad, in effect turning a motion for a protective order into a motion to disqualify counsel.¹⁵⁵ Courts need to approach prosecution bars with care, as they have grave potential for misuse and abuse. Thus, careful analysis, rather than categorization, is the key. Many factors should inform the judicial decision on whether patent representations involve competitive decision-making and, if so, to what extent to impose a bar. All of these factors should be evaluated, not in light of regional circuit law, but under the control of Federal Circuit law.¹⁵⁶

The starting point to judicial analysis should be the utility of bars. Courts often rely on two basic rationales: first, patent prosecutors can misuse information to shape pending applications or, second, patent prosecutors can use such information to impact future product design.¹⁵⁷

153. The lawyer in *In re Sibia*, for example, prosecuted applications for fifty clients in the same general field. *In re Sibia Neurosciences, Inc.*, No. 525, 1997 U.S. App. LEXIS 31828, at *2 (Fed. Cir. Oct. 22, 1997).

154. For this reason, protective orders should allow barred counsel time to educate replacement prosecution counsel. It may be useful, for example, for a litigator to delay having access to the highly confidential information in order to use that time to educate counsel who will take over responsibility for prosecuting applications.

155. See *Freeman v. Chi. Musical Instrument Co.*, 689 F.2d 715, 721 (7th Cir. 1982) (explaining that disqualification of counsel should be imposed only when absolutely necessary); see also *AmTab Mfg. Corp. v. SICO, Inc.*, No. 11 C 2692, 2012 U.S. Dist. LEXIS 7307, at *6, 2012 WL 195027, at *2 (N.D. Ill. Jan. 19, 2012) (dispelling SICO’s claims as vague and speculative).

156. *In re Deutsche Bank*, 605 F.3d 1373, 1378 (Fed. Cir. 2010) (citing 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, 442 (2005)).

157. *Id.* at 1381 (“[I]nformation related to new inventions and technology under development, especially those that are not already the subject of pending patent applications, may pose a heightened risk of inadvertent disclosure by counsel involved in prosecution-related competitive [decision-making]”); *In re Papst Licensing, GmbH*, Patent Litig., MDL 1278, 2000 U.S. Dist. LEXIS

Some examples of the former include the prosecuting litigator who could theoretically use information disclosed during discovery to draft claims in pending or new applications to cover products that the opposing party intends to bring to market.¹⁵⁸ Another example would be the risk that a litigator who sees draft patent applications of the other party will, as a prosecutor, “be better able to ‘write around’ [the disclosing party’s] patents when drafting [his client’s] own patent applications.”¹⁵⁹

With respect to the first rationale, many courts’ explanations as to why litigators should be denied access to certain discovery materials might justify denying access to putative inventors—since they clearly are in a position to take information disclosed by an opposing party during litigation, and then apply for a patent derived from that information.¹⁶⁰ However, litigators prosecuting applications cannot “invent” subject matter, and cannot—except in unusual circumstances—even be named as inventors along with their clients on patent applications that they are prosecuting.¹⁶¹ Inventors have a “spark of genius” and file for patents on their inventions. In contrast, patent attorneys prosecute patent applications. They are usually not inventors, and, as noted, generally

6374, at *14, 2000 WL 554219, at *5 (E.D. La. May 4, 2000) (holding that such restrictions only apply to “information that embodies product design information which is classifiable as confidential and which is of the type that can be included in a patent application . . .”).

158. *Papst Licensing*, 2000 U.S. Dist. LEXIS 6374, at *12, 2000 WL 554219, at *4 (“Counsel’s ability to file new claims in existing and pending patents based on the confidential information discovered during the course of this litigation poses an unacceptable opportunity for inadvertent disclosure and misuse.”).

159. *Medtronic, Inc. v. Guidant Corp.*, No. 00-1473 (MJD/JGL), No. 00-2503 (MJD/JGL), 2001 U.S. Dist. LEXIS 22805, at *12, 2001 WL 34784493, at *4 (D. Minn. Dec. 19, 2001), *aff’d*, No. 00-1473 (MJD/JGL) 2002 U.S. Dist. LEXIS 1758, 2002 WL 171711 (D. Minn. Jan. 29, 2002); *see Andrx Pharm., LLC v. GlaxoSmithKline, PLC*, 236 F.R.D. 583, 587 (S.D. Fla. 2006) (relying on similar notions to preclude adding outside counsel who prosecuted applications to protective order), *aff’d*, No. 05-23264CV, 2006 U.S. Dist. LEXIS 58254, 2006 WL 2403942 (S.D. Fla. Aug. 14, 2006).

160. *See, e.g., Andrx Pharm.*, 236 F.R.D. at 586 (discussing various court opinions regarding the risk of inadvertent disclosure); *Chan v. Intuit, Inc.*, 218 F.R.D. 659, 662 (N.D. Cal. 2003) (“[T]he Court must consider whether counsel might inadvertently use confidential information obtained in the course of this litigation to shape advice . . . to the detriment of the opposing party . . . [i]f so, then such counsel should either be denied access to confidential information or be precluded from patenting for a party.”).

161. *See Solomon v. Kimberly-Clark Corp.*, 216 F.3d 1372, 1382 (Fed. Cir. 2000) (“An attorney’s professional responsibility is to assist his or her client in defining her invention to obtain, if possible, a valid patent with maximum coverage. An attorney performing that role should not be a competitor of the client, asserting inventorship as a result of representing his client.”).

cannot be inventors along with their clients.¹⁶² The risk can be real, but it must be kept in context.

With respect to the rationale that a lawyer could use information to affect product design, an example would be the lawyer's use of this sort of information, not for patent prosecution, but for advising a client on formulating business decisions, product design, or financial planning. While the facts of a particular case may show that this is a reasonable possibility, few patent prosecutors are, by reason of prosecuting patents, involved in product design. Further, product design requires skill sets not commonly taught in law school.

In some circumstances, such as in drafting freedom-to-operate opinions, a lawyer could be in a position to advise a client not to launch a particular product because the lawyer knows the scope of a pending application; however, those circumstances are fact-specific.¹⁶³ Again, the risk can be real, but it must be kept in context. These cases also do not necessarily arise because the lawyer is a patent prosecutor, but rather because of the lawyer's *other* activities beyond prosecution.

Intertwined with the question of whether a bar is warranted is its scope. Courts must ensure that bars protect the legitimate interests of parties in litigation who disclose their most valued commercial plans. However, there are countervailing concerns: a bar that is too broad denies a client his choice of counsel, denies lawyers a means to earn a living, and also denies other clients the right to choose that lawyer to represent them in future matters.¹⁶⁴

Although only one court has currently recognized it, two somewhat related bodies of ethical principles help inform this analysis.¹⁶⁵ The first

162. *See id.* (holding that an attorney's professional responsibility precludes such attorney from asserting inventorship).

163. *See* LightGuard Sys., Inc. v. Spot Devices, Inc., 281 F.R.D. 593, 599 (D. Nev. 2012) (deciding that documents related to freedom-to-operate protocol were not barred from disclosure); *In re* Maxim Integrated Prods., Inc., MDL No. 2354, 2012 U.S. Dist. LEXIS 157352, at *18, 2012 WL 5398858, at *2 (W.D. Pa. Nov. 2, 2012) (recognizing facts relevant to a patent attorney's decision-making role including "filing patent paperwork and providing broad oversight of patent prosecution, or . . . making strategic decisions on patent prosecutions and portfolios . . .").

164. MODEL RULES OF PROF'L CONDUCT R. 5.6 cmt. 1 (2013) ("An agreement restricting the right of lawyers to practice . . . not only limits their professional autonomy but also limits the freedom of clients to choose a lawyer."); *see also In re* Deutsche Bank Trust Co. Ams., F.3d 1373, 1380 (Fed. Cir. 2010) (noting that the court must consider "the potential harm to the opposing party from restrictions imposed on that party's right to have the benefit of counsel of its choice.").

165. MODEL RULES OF PROF'L CONDUCT R. 1.9 (2013) (outlining the circumstances in which an attorney is limited in his ability to represent future clients due to conflicts of interest with former clients); *Id.* R. 5.6 (2013) (stating that lawyers should not engage in agreements that require them to forego future representation).

is the protections that are afforded by the ethical rules to former clients; the second, the limitations within the ethical rules on the ability of lawyers to agree to forego future representations.

The ethical rules protect former clients,¹⁶⁶ and so it would be odd if courts gave greater protection to opposing parties in litigation than the ethical rules require that lawyers give to their former clients. Generally, lawyers are permitted to take representation that is adverse to a former client so long as the matter against the former client is not “substantially related” to the work the lawyer previously did for the client.¹⁶⁷ Courts in the patent context tend to take a very narrow view of what constitutes a “substantial relationship,” and generally permit lawyers to take representation adverse to former clients, so long as the case against the client does not involve a substantially identical patent to the one the lawyer worked on for the former client.¹⁶⁸ Thus, there ought to be a presumption that a bar that covers more than prosecution of patents that are substantially identical to the patents-in-suit is overly broad.¹⁶⁹

The ethical rules also protect future clients and lawyers by preventing lawyers from entering into agreements that unnecessarily impinge upon the right of future clients to retain a lawyer.¹⁷⁰ Although these rules vary

166. See *Deutsche Bank*, 605 F.3d at 1381 (“[T]he court should consider such things as the extent and duration of counsel’s past history in representing the client before the PTO, the degree of the client’s reliance and dependence on that past history, and the potential difficulty the client might face if forced to rely on other counsel for the pending litigation or engage other counsel to represent it before the PTO.”); MODEL RULES OF PROF’L CONDUCT R. 1.9 (2013) (listing the duties owed to former clients).

167. See MODEL RULES OF PROF’L CONDUCT R. 1.9 (2013) (“A lawyer who has formerly represented a client in a matter shall not thereafter represent another person in the same or a substantially related matter in which that person’s interests are materially adverse to the interest of the former client . . .”); *Id.* R. 1.9 cmt. 3 (2013) (acknowledging that the passage of time may render obsolete information acquired in a previous representation).

168. See David Hricik, *PATENT ETHICS: LITIGATION*, 48–55 (Oxford Univ. Press 2010) (collecting cases from the PTO and federal courts that apply the substantial relationship test to patent practice).

169. Cf. *Methode Elecs., Inc. v. DPH-DAS LLC*, 679 F. Supp. 2d 828, 832 (E.D. Mich. 2010) (issuing a bar only as to subject matter related to that which was disclosed or claimed in patents-in-suit), *construed by*, 2011 WL 6435308 (E.D. Mich. Sept. 12, 2011), *report and recommendation adopted as modified*, 09-CV-13078, 2012 U.S. Dist. LEXIS 60365, 2012 WL 1559770 (E.D. Mich. Apr. 30, 2012); *Crystal Image Tech., Inc. v. Mitsubishi Elec. Corp.*, No. CIV A 08-307, 2009 U.S. Dist. LEXIS 32972, at *8, 2009 WL 1035017, at *3 (W.D. Pa. Apr. 17, 2009) (“Should anyone other than Defendant seek reexamination of the [patent-in-suit], the justifications for allowing trial counsel to participate are substantially undermined.”), *construed by*, 2010 U.S. Dist. LEXIS 48158, 2010 WL 1979298 (W.D. Pa. Apr. 9, 2010), *report and recommendation adopted*, 2010 U.S. Dist. LEXIS 48290, 2010 WL 1978760 (W.D. Pa. May 17, 2010).

170. See MODEL RULES OF PROF’L CONDUCT R. 5.6 cmt. 1 (2013) (explaining that lawyers may not make agreements restricting the right to practice because “it limits the freedom of clients to

by state, many states' ethical rules prevent lawyers from entering into an agreement that restricts the lawyer's right to practice law.¹⁷¹ Generally, these rules are interpreted to prohibit lawyers from agreeing to forego representing clients adverse to former clients in substantially related matters.¹⁷² Thus, a protective order that contains a prosecution bar that exceeds the scope of protection afforded to former clients would appear to implicate these rules, since that bar would restrict the attorney's right of practice.¹⁷³ This again suggests that any prosecution bar should be limited in scope to prosecution and other activities that involve technology that is at least substantially related to any patent in suit. Some courts recognize this principle, and narrowly impose bars.¹⁷⁴

This policy framework to determine whether to impose a bar and on what subject matter can also assist in determining its temporal aspects.¹⁷⁵ For example, in the context of protecting former clients, courts recognize that information becomes stale over time, and so whether a representation adverse to a former client is "substantially related" can turn in part on whether the information the lawyer likely gained while representing the client is of any utility in the adverse matter.¹⁷⁶ In patent practice, sometimes information becomes stale quite quickly, depending on the technology involved. Thus, the same body of law that influences whether

choose a lawyer"); CAL. R. PROF. CONDUCT 1-500 (2013) (applying the Model Rule in a state setting).

171. See, e.g., CAL. R. PROF. CONDUCT 1-500 (2013) (detailing California's approach, which is substantially similar to the ABA Model Rules). Other states have rules that are limited to agreements entered into in settling disputes, but they may have case law that expands the prohibition to any agreement.

172. See MODEL RULES OF PROF'L CONDUCT R. 1.9 (2013) (limiting lawyers' conduct in terms of former clients); *Id.* R. 1.9 cmt. 3 (2013) (defining how matters substantially relate to one another).

173. See MODEL RULES OF PROF'L CONDUCT R. 1.9 (2013) (demarcating lawyers' conduct in relation to past representation of a client); *Id.* R. 1.9 cmt. 3 (2013) (defining how matters substantially relate to one another).

174. See *Warner Chilcott Labs. Ir. Ltd. v. Impax Labs., Inc.*, 2009 U.S. Dist. LEXIS 100864, at *9, 2009 WL 3627947, at *2 (D. N.J. Oct. 29, 2009) (rejecting a broad bar); *Eli Lilly & Co. v. Actavis Elizabeth, LLC*, No. 07-3770 (DMC), 2008 U.S. Dist. LEXIS 53816, at *9, 2008 WL 2783345, at *3 (D. N.J. July 15, 2008) (denying a broad bar), *aff'd in part and rev'd in part*, 435 Fed. App'x 917 (Fed. Cir. 2011); *AFP Advanced Food Prods. v. Snyder's of Hanover Mfg.*, No. Civ.A. 05-3006, 2006 U.S. Dist. LEXIS 426, at *3, 2006 WL 47374, at *1 (E.D. Pa. Jan. 6, 2006) (rejecting a bar as to prosecuting applications relating to "low protein containing products . . . including . . . cheese dips").

175. See *generally* *Cheah IP LLC v. Plaxo, Inc.*, C-08-4872 PJH (EMC), 2009 U.S. Dist. LEXIS 4082, at *3, 2009 WL 1190331, at *1 (N.D. Cal. May 4, 2009) (analyzing competing proposals as to length of the bar).

176. See *generally* MODEL RULES OF PROF'L CONDUCT R. 1.9, cmt. 3 (2013) (explaining that information becomes obsolete over time).

a former client's information is stale ought to inform the analysis of how long a bar should last.

The scope of the subject matter and the time for which any bar lasts are most clearly implicated by these two bodies of law. Yet, rather than analyzing the real world facts, courts are categorically imposing time frames that may have some rational relationship to patent prosecution, in the abstract, but not to particular fields of technology or the actual facts before them.¹⁷⁷ As a general approach, courts apply a one- or two-year bar;¹⁷⁸ however, in several cases, the bar ran neither from the date of disclosure of the information nor from any judgment, but from the exhaustion of any appeals.¹⁷⁹ Because of the one-year bar in the Patent Act,¹⁸⁰ the disclosing party should have to bear a substantial burden for imposition of a bar of longer than one year from the date of disclosure of the information.¹⁸¹ While it may be that the date can begin to run when the lawyer reviews the information, at least one court found that system to be unworkable and thus relied upon the end of litigation.¹⁸² While administrative convenience is a factor, other bright lines—such as the end

177. See, e.g., *Edisync Sys., LLC v. Adobe Sys., Inc.*, No. 12-CV-02231-MSK-MEH, 2013 U.S. Dist. LEXIS 20044, at *9, 2013 WL 561474, at *3 (D. Colo. Feb. 13, 2013) (holding that any prosecuting attorney would be barred for two years following the conclusion of the trial); *Motorola Inc. v. Interdigital Tech. Corp.*, No. 93-488-LON, 1994 U.S. Dist. Lexis 20714, at *19, 1994 WL 16189689, at *7 (D. Del. Dec. 19, 1994) (barring any attorney who had previously received confidential information from Motorola from prosecuting them for at least one year after the case at bar), *aff'd in part, rev'd in part*, 121 F.3d 1461 (Fed. Cir. 1997).

178. *Commissariat a L'Energie Atomique v. Dell Computer Corp.*, No. 03-484-KAJ, 2004 U.S. Dist. LEXIS 12782, at *8, *10, 2004 WL 1196965, at *2-3 (D. Del. May 25, 2004) (imposing a one-year sanction); see also *Kelora Sys., LLC v. Target Corp.*, No. C 11-01548 CW, 2011 U.S. Dist. LEXIS 96724, at *8-10, 2011 WL 6000759, at *7 (N.D. Cal. Aug. 29, 2011) (analyzing the scope at length).

179. *Kelora Sys.*, 2011 U.S. Dist. LEXIS 96724, at *20, 2011 WL 6000759, at *7 (applying a two-year bar); *Applied Signal Tech., Inc. v. Emerging Mkts. Commc'ns, Inc.*, No. C-09-02180 SBA, 2011 U.S. Dist. LEXIS 97403, at *9, 2011 WL 197811, at *2 (N.D. Cal. Jan. 20, 2011) (implementing a two-year bar); *Commissariat a L'Energie Atomique*, 2004 U.S. Dist. LEXIS 12782, at *7, 2004 WL 1196965, at *2 (employing a one-year bar, including appeals); *Interactive Coupon Mktg. Group, Inc. v. H.O.T.! Coupons, LLC*, No. 98 C 7408, 1999 U.S. Dist. LEXIS 9004, at *11, 1999 WL 409990, at *4 (N.D. Ill. June 7, 1999) (instituting a ban for "one year after the conclusion of this litigation, including appeals"), *modified*, 1999 U.S. Dist. LEXIS 12437, at *11, 1999 WL 618969, at *4 (N.D. Ill. Aug. 9, 1999).

180. See Conditions for Patentability; Novelty and Loss of Right to Patent, 35 U.S.C. § 102(a)(b) (Supp. V 2011) (conditioning the issuance of patent on an application being filed within one year after the claimed invention is first sold or offered for sale in the United States).

181. See *Edisync Sys.*, 2013 U.S. Dist. LEXIS 20044, at *4, *8, 2013 WL 561474, at *1, *3 ("As the party seeking to expand the scope and duration of the prosecution bar, Defendant bears the burden of demonstrating good cause for the additional restrictions").

182. *Id.* at *8, 2013 WL 561474, at *3.

of the discovery period—may also be workable and avoid the potential for a bar lasting years beyond any period in which information could be of use.¹⁸³

The substantive breadth of the bar also implicates these two policies. There are several factors to consider when determining how broad a prosecution bar parties should negotiate or a court should impose.¹⁸⁴ First, the court and parties must consider whether it can and should cover either only inventions in the exact same subject matter, or any prosecution for the client.¹⁸⁵ A request for a bar that is broader than for the same or substantially related subject matter should be viewed carefully.¹⁸⁶

The scope of the bar manifests itself in ways beyond time and subject matter. Foremost, courts must consider whether the bar prevents the lawyer from representing only the client that the lawyer is representing in the lawsuit, or whether the bar prohibits that lawyer from representing *any* client within the scope of the technological definition from competitive decision-making.¹⁸⁷ If the practitioner represents multiple clients in the

183. *But see id.* (reasoning that a bright-line start date would avoid disputes over when an attorney had last seen information).

184. *See In re Deutsche Bank Trust Co. Ams.*, 605 F.3d 1373, 1380 (Fed. Cir. 2010) (asserting that the court should engage in a balancing analysis, weighing the risk of inadvertent disclosure against the potential injury to the opposing party as a result of the prosecution bar).

185. This issue was central to *Commissariat a L'Energie Atomique v. Dell Computer Corp.*, No. 03-484KAJ, 2004 U.S. Dist. LEXIS 12782, 2004 WL 1196965 (D. Del. May 25, 2004). There, the court rejected a narrow bar:

I will not pick and choose which categories of LCD technology are fair game for CEA's patent prosecution attorneys and which are not. If CEA's patent prosecution attorneys have access to the Defendant's highly confidential information, they will be barred from prosecuting patents "relating to the broad subject matter of the patents in suit, that is, LCD technology."

Id. at *10, 2004 WL 1196965, at *3; *see also Kelora Sys., LLC v. Target Corp.*, No. C 11-01548 CW, 2011 U.S. Dist. LEXIS 96724, at *18-23, 2011 WL 6000759, at *6-8 (N.D. Cal. Aug. 29, 2011) (analyzing the scope at length).

186. *Deutsche Bank*, 605 F.3d at 1381; *see also Applied Signal Tech., Inc. v. Emerging Mkts. Commc'ns, Inc.*, No. C-09-02180 SBA, 2011 U.S. Dist. LEXIS 97403, at *8, *11-12, 2011 WL 197811, at *2, *3 (N.D. Cal. Jan. 20, 2011) (emphasizing that the proposed bar on subject matter must be balanced with the risk presented by the disclosure of the confidential information).

187. *See Kelora Sys.*, 2011 U.S. Dist. LEXIS 96724, at *9-10, 2011 WL 6000759, at *3 (analyzing whether counsel was involved in competitive decision-making for clients other than the parties to the litigation); *Nazomi Commc'ns, Inc. v. Arm Holdings PLC*, No. C 02-02521-JF, 2002 U.S. Dist. LEXIS 21400, at *6-7, 2002 WL 32831822, at *2 (N.D. Cal. Oct. 11, 2002) (describing how the patentee argued that the bar should include all clients that the lawyer is representing in the technology area), *vacated on other grounds*, 403 F.3d 1364 (Fed. Cir. 2005); *Motorola, Inc. v. Interdigital Tech. Corp.*, No. 93-488-LON, 1994 U.S. Dist. LEXIS 20714, at *18, 1994 WL 16189689, at *6 (D. Del. Dec. 19, 1994) (detailing how the court prohibited prosecution only for the client involved in the litigation, ITC, and not for any other clients), *aff'd in part, rev'd in part*, 121 F.3d 1461 (Fed. Cir. 1997). Interestingly, the *Motorola* court presumed that the ethical duty to

same narrow field of technology, then a broad bar may seem appropriate. However, the obvious consequence of a broad bar would be a severe economic impact on the practitioner. Clearly, a court should weigh the parties' competing concerns in determining whether the bar should prohibit prosecution for any client other than the one that the lawyer is representing in the current litigation.

Only by careful analysis can courts properly balance the legitimate interests of parties seeking prosecution bars against those of the public, the opposing lawyer's present and future clients, and the lawyers.¹⁸⁸ Doing so prevents litigants from using protective orders to gain unfair and inappropriate litigation advantages, essentially using motions for protective orders as thinly disguised motions to disqualify counsel, in order to further not only their clients' interests in confidentiality, but to obtain an unwarranted edge in litigation that harms not just the opposing party, but opposing counsel and the public.

B. *Courts Should Account for the Practical Realities When Determining Whether Prejudice Outweighs Any Harm*

Balancing requires care. Obviously, the cost to replace counsel, either in litigation or in prosecution, matters greatly. Courts also should consider the role the prosecuting attorney plays in the representation of the client. Some companies, for example, do much of patent drafting in-house, relying on outside patent counsel less than others. In this analysis, the relationship between the litigants in the commercial marketplace is a factor.¹⁸⁹ While courts hold that direct competition is not required, misuse of confidences is less likely where there is no realistic economic or practical incentive to do so.¹⁹⁰ District courts after *Deutsche Bank* have noted that where a non-practicing patent acquisition entity is seeking to

its client, ITC, would prevent the firm "from prosecuting patent applications for other clients that are of similar subject matter as ITC's patents in this case." *Id.* at *18 n.5, 1994 WL 16189689, at *6 n.5.

188. See *Fairchild Semiconductor Corp. v. Third Dimension Semiconductor, Inc.*, No. 08-158-P-H, 2009 U.S. Dist. LEXIS 37445, at *34-35, 2009 WL 1210638, at *11 (D. Me. Apr. 30, 2009) (balancing various competing interests).

189. See, e.g., *Microsoft Corp. v. Commonwealth Scientific & Indus. Research Org.*, No. 6:06 CV 549, No. 6:06 CV 550, No. 6:06 CV 551, No. 6:06 CV 324, 2009 U.S. Dist. LEXIS 13675, at *19, 2009 WL 440608, at *2 (E.D. Tex. Feb. 23, 2009) (premising the decision on the "adversarial" relationship of the parties in the marketplace).

190. *Deutsche Bank*, 605 F.3d at 1378 (explaining that direct competition is one of many factors used to determine whether a party has economic incentive); *NeXedge, LLC v. Freescale Semiconductor, Inc.* 820 F. Supp. 2d 1040, 1043 (D. Ariz. 2011) (stating that the movant must show that opposing counsel be involved in competitive decision-making if the movant wants opposing counsel to be barred from the information).

impose a bar, the consequences of a bar are lessened; this is no doubt true, if the entity does not develop products or apply for patents, but only acquire patents from others.¹⁹¹ Clearly, some representations raise the likelihood of misuse of information more than others. Courts should consider the particular facts with care.

VI. COUNSEL'S OBLIGATIONS TO ENSURE EVERY LAWYER RECEIVING BARRED INFORMATION IS NOT SUBJECT TO THE BAR

As shown above, whether a bar covers a particular person turns on that person's actual representations, not categories or labels. In most situations, only the party subject to the bar will know those facts; therefore, only they will know whether someone subject to the bar should not receive confidential information or should refrain from a particular representation.

For these reasons, counsel for the party receiving information subject to a protective order should ensure that he analyze the activities of every lawyer, and other persons subject to the bar, who will have access to disclosures subject to a bar. If the bar is clear as to what is included, and what is not, this should be relatively easy. Where the bar is less clear—for example, in a worst case scenario where the bar precludes a person receiving barred information from engaging in competitive decision-making until that information is “generally known”—the need for monitoring becomes more difficult, but also more necessary.

Counsel should consider whether other participants in the litigation might need to be subject to a bar, including the opposing party if he is an inventor.¹⁹² For example, lawyers should consider whether the opposing party's experts are in a position to be subject to a prosecution bar. If an expert is engaged in competitive decision-making, the *Deutsche Bank* analysis may warrant a bar or denial of access to information.¹⁹³

191. *NeXedge*, 820 F. Supp. 2d at 1044 (denying a bar).

192. See *Trading Techs. Int'l, Inc. v. BCG Partners, Inc.*, No. 10 C 715, 2011 U.S. Dist. LEXIS 48337, at *23–24, 2011 WL 1748607, at *7 (N.D. Ill. May 5, 2011) (discussing issues that may arise when a member of the opposition is an inventor).

193. See *RyMed Techs., Inc. v. ICU Med., Inc.*, No. 3:10–1067, 2013 U.S. Dist. LEXIS 57209, at *8, 2013 WL 1279209, at *3 (M.D. Tenn. 2013) (refusing to apply a bar to all experts); *Santella v. Grizzly Indus., Inc.*, No. 3:12–MC–00131–SI, 2012 U.S. Dist. LEXIS 158349, at *1–2, 2012 WL 5399970, at *1 (D. Or. Nov. 5, 2012) (analyzing an expert who had pending patent applications); *Applied Signal Tech., Inc. v. Emerging Mkts. Commc'ns, Inc.*, No. C–09–02180 SBA (DMR), 2011 U.S. Dist. LEXIS 97403, at *14–16, 2011 WL 197811 at *4 (N.D. Cal. Jan. 20, 2011) (relying on *Deutsche Bank* to hold that it is the plaintiff's burden to show that an expert should be exempt on an individual basis); *Kelora Sys., LLC v. Target Corp.*, No. C 11–02284 CW (LB), 2011 U.S. Dist. LEXIS 96724, at *22, 2011 WL 6000759, at *8 (N.D. Cal. Aug 29, 2011) (“[I]n *Deutsche Bank* the Federal Circuit indicated that ‘investigating prior art relating to those inventions’ likely

Consultants, too, may need to be monitored for their work not only on the case in litigation, but also for other clients.¹⁹⁴ Furthermore, there is a realistic possibility that a bar, either expressly or by implication, will be imputed to other lawyers in a small firm, particularly where a partner in the firm had a business interest in the patentee.¹⁹⁵ The need to protect confidential information from disclosure to prosecuting attorneys has been addressed even where the prosecuting attorneys are in separate firms from those litigating the case.¹⁹⁶

This may require analysis or monitoring of the activities of non-lawyer client principals. For example, several courts have analyzed whether a non-lawyer officer of a competitive corporation should be barred.¹⁹⁷ In some circumstances, such as where an officer was actively involved in pursuing patents in a closely related area of technology, a bar was granted.¹⁹⁸

constituted competitive decision-making.”); *Iams Co. v. Kal Kan Foods, Inc.*, No. C-3-97-449, 1998 U.S. Dist. LEXIS 19205, at *8–9 (S.D. Ohio Feb. 27, 1998) (addressing access by an expert witness who was involved in product development).

194. See *Allstate Ins. Co. v. Nationwide Mut. Ins. Co.*, No. 12 C 3609, 2013 U.S. Dist. LEXIS 91408, at *10–11, 2013 WL 3287133, at *3 (N.D. Ill. June 28, 2013) (comparing consultants with expert witnesses).

195. This is not an ethical conflict where imputation under Model Rule 1.10 or similar state rules would apply since, by definition, those rules impute conflicts relating to *clients*, and the opposing party to a protective order is not a client of the prosecuting litigator. *In re Dell*, 498 F. App’x 40, 42–43 (Fed. Cir. 2012) (describing but not deciding the issue). Further, as shown here, the question of whether to impose a prosecution bar is made on a lawyer-by-lawyer basis. Imputation would eviscerate that requirement. Although imputation is improper, the facts could warrant barring other lawyers in a barred lawyer’s firm from prosecuting patents. For example, the risk of accidental misuse might arise in a very small firm where other lawyers prosecute in highly specialized, closely related technologies.

196. See, e.g., *BASF Corp. v. United States*, 321 F. Supp. 2d 1373, 1379 (Court of Int’l Trade 2004) (granting a protective order requiring that an ethical screen be established between the firm representing party in litigation and another firm which prosecuted patents for that party).

197. See, e.g., *Safe Flight Instrument Corp. v. Sundstrand Data Control Inc.*, 682 F. Supp. 20, 23 (D. Del. 1988) (precluding the plaintiff’s president from examining documents belonging to defendant).

198. The leading case is *Safe Flight Instrument Corp. v. Sundstrand Data Control Inc.*, 682 F. Supp. 20 (D. Del. 1988). See *Ross-Hime Designs, Inc. v. United States*, 109 Fed. Cl. 725, 742–43 (Fed. Cl. 2013) (applying a balancing test to bar a president of an opposing corporation); *Tailored Lighting, Inc. v. Osram Sylvania Prods., Inc.*, 236 F.R.D. 146, 149 (W.D.N.Y. 2006) (concluding that a company’s president should not have access to certain confidential information provided by the patentee in part because it would be “unreasonable to expect that anyone working to further his own scientific and technological interests would be able assuredly to avoid even the subconscious use of confidential information revealed through discovery that is relevant to those interests”); see also *Northbrook Digital, LLC v. Vendio Servs., Inc.*, 625 F. Supp. 2d 728, 735, 743 (D. Minn. 2008) (concluding that a corporation’s owner, who was also an attorney, could not have access to proprietary information under the protective order because his “activities [related to] prosecuting continuation applications related to the patents in suit [were] not compatible with allowing him to review, either as an attorney or as an expert witness, [defendant’s] confidential technical

Counsel needs to ensure that people subject to the bar having access to barred information understand the limitations on their activities, especially where the recipient is a non-lawyer.

VII. CONCLUSION

Prosecution bars present numerous issues for courts and counsel. It may be that because of prosecution counsel's knowledge of the technology that her service as trial counsel would lead to cost savings and other benefits to her client. However, due to the myriad of problems that arise from having litigation counsel also engage in other activities, she may be wrong for the part. Only through careful analysis by the courts of the policies involved and through careful drafting of any protective orders can courts, clients, and counsel be sure of their casting decisions.

information"); *cf.* *Medtronic Sofamor Danek, Inc. v. Michelson*, No. 01-2373-GV, U.S. Dist. LEXIS 27981, at *14-15, 2002 WL 33003691, at *3-4 (W.D. Tenn. Jan. 30, 2002) (distinguishing *Safe Flight* and allowing defendant inventor to examine confidential technical information because he did not initiate the lawsuit and should be allowed to defend himself, he had previously served as an expert witness for plaintiff and had access to its other confidential information, and he was not in direct competition with plaintiff).

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