Professor David Hricik
151 Country Creek Rd.
Macon, GA 31220

BY ELECTRONIC FILING

February 20, 2017

Clerk of the Supreme Court of Texas
P.O. Box 12248
Austin, Texas 78711

Re: In re *Andrew Silver,* No. 16-0682

To the Honorable Members of this Court:

Pursuant to Rule 11, Texas Rules of Appellate Procedure, *amicus curiae* Professor David Hricik files this letter on behalf of himself and the other law professors and lawyers listed at the end of this letter in Attachment A. We show that under settled Texas choice of law principles, this Court should defer to federal law.

Statement of Interest

Our interest is to help this Court ensure that Texans, and all patent applicants, and their lawyers and patent agents can rely upon a single body of law to determine the existence and scope of privilege over communications they make during patent prosecution. That will both reduce the costs of patent prosecution and decrease the costs of resolving privilege disputes in litigation, reducing litigation costs. No one paid, or will pay, for preparation of this letter.

Summary of the Argument

Even assuming there is no patent agent-client privilege under Texas law, under settled Texas choice of law principles, Texas courts should defer to federal patent law because there are special reasons to do so. Foremost, if the Court does not defer to that federal law governing this "unique" issue of patent law, whether and to what extent a patent agent-client privilege exists at the time of patent prosecution will largely be unknowable, and, further, the privilege over patent *lawyer*-client communications will be thrown into disarray. Deferring to federal law will make patent prosecution cheaper and will also reduce the cost of litigating disputes over privilege when any litigation occurs, no matter the forum.

Argument

In *Ford Motor Co. v. Leggat,* 904 S.W.2d 643 (Tex. 1995), this Court adopted the approach to choice of law over privilege in the *Restatement (Second) of Conflict of Laws* § 139 (1988) (the *Restatement*). Pertinent here, Section 139(2) provides:

> Evidence that is privileged under the local law of the state which has the most significant relationship with the communication but which is not privileged under the local law of the forum will be admitted unless there is some special reason why the forum policy favoring admission should not be given effect.

Id. at 647.

As next shown, first, the law of the "state" with the most significant contacts is federal patent law, and under that law, there is a patent agent-client privilege.

Second, even assuming there is no such privilege under Texas law, there are many "special reasons" why federal patent law should be applied here. *Cf. Keene Corp. v. Caldwell,* 840 S.W.2d 715, 720 (Tex. App. – Houston [14th Dist. 1992, orig. proceeding) (holding as a matter of comity that state court should have deferred to federal court order holding evidence was privileged).

1. Communications Between Patent Agents and Clients Have the Most Significant Contact with the Federal Patent Tribunals and are Privileged.

Under the *Restatement,* the first question is whether the evidence is privileged under the "local law" of the "state" with the most significant contact to the parties and transaction. Although an awkward verbal fit, the "local law of the state" here is federal patent law as applied by the federal tribunals that decide patent cases. *See Restatement* § 139, cmt. (e) (factors indicating which state has most significant contact include "state" where communication occurred or transaction was centered).

Federal tribunals have long recognized that that whether communications during patent prosecution are privileged is a "unique" issue of substantive patent law and so is governed by federal law. The origin and nature of this holding is important.

In 1982, Congress created the United States Court of Appeals for the Federal Circuit and charged it with unifying and clarifying patent law. To fulfill its national mission, the Federal Circuit applies its law – not regional circuit federal law nor state law -- to issues that are "unique" to patent law. More than fifteen years ago, the

Federal Circuit held that its law defines the scope of privilege over communications made during patent prosecution. *In re Spalding Sports Worldwide, Inc.,* 203 F.3d 800 (Fed. Cir. 2000). The Court rejected applying even relatively uniform regional circuit law (*e.g.,* Fifth Circuit law) to the scope of the attorney-client privilege over documents exchanged in patent prosecution. Instead, uniformity demanded that that Federal Circuit law control this "unique" issue of substantive patent law.

Accordingly, "determining the scope of attorney/client privilege when the subject matter relates to the prosecution of a patent, the law of the Federal Circuit applies." *Promontory Interfinancial Network, LLC v. Anova Financial Corporation,* 2014 WL 12544494, *3 (E.D. Va. Jan. 9, 2014). This is the rule in the Patent Office and the International Trade Commission. *Ginter v. Benson,* 74 U.S.P.Q.2d 1930 (Bd. Pat. App. & Interf. Sept. 24, 2004) (applying *Spalding* in proceeding before the Patent Office); *In the Matter of Certain Combination Motor and Transmission Sys. and Devices Used Therein, and Products Containing Same,* USITC Inv. No. 337-TA-561, 2006 WL 2925367 (U.S. Int'l. Trade Comm'n Order No. 11 Sept. 12, 2006) (applying *Spalding* in an International Trade Commission proceeding to enforce a patent).

Pertinent here, the Federal Circuit recently held that its law applied to whether communications between patent agents and clients during patent prosecution are privileged, holding that issue is unique to patent law. *In re Queen's Univ.,* 820 F.3d

1287 (Fed. Cir. 2016). This holding is backward-looking, and covered the communications in that case, made long before the case was decided in 2016.

Thus, federal patent law decided by the Federal Circuit protects communications between patent agents and occurring patent prosecution in all federal forums. This Court should hold that, in terms of the *Restatement*, the "local law" is that of the Federal Circuit, and it recognizes the patent-agent client privilege.

2. Many Special Reasons Favor Deferring to Federal Circuit Law.

Assuming there is no Texas patent agent-client privilege, under the *Restatement,* evidence privileged under the "local state's" law should be admitted unless Texas "policy favoring admission of the evidence is outweighed by countervailing considerations." *Restatement* § 139 cmt. d. The *Restatement* mentions four factors that may suggest a countervailing consideration: (1) the number and nature of contacts between the forum and the parties or transaction, (2) the kind of privilege, (3) fairness to the parties; and (4) materiality of the evidence. *See id.* Even superficially applying those factors, there are reasons to defer.

The first factor, the nature of contacts, weighs heavily in favor of deferring to federal patent law. The communications between patents agents and clients are centered on the Patent Office – which is the other "state" in terms of the Restatement – and the "transaction" involved is entirely a creature of federal law.

The second factor, the kind of privilege, in part turns on how widely recognized the privilege was, also weighs heavily in favor of deferring to federal patent law. As of now, the patent agent client privilege is recognized in every federal patent tribunal. (The fact that this did not happen until recently implicates a different factor, discussed below.) Further, the Patent Office has -- since at least 1985 -- required patent agents to abide by the *same* duty of confidentiality as patent lawyers. Federal district courts first upheld a patent agent privilege in 1976, but had split on the issue. Before this appeal, only one state court had rejected it: plainly the patent agent-client privilege does not get litigated very often, but it is not clear how widely recognized it is.

The third factor in part turns on whether the parties relied on the privilege. Given the split in the case law discussed above, this cuts both ways. Clearly, however, there was a reasonable basis to believe that communications would be privileged.

The final factor, materiality, in part it turns on whether the evidence is available from other sources. Although fact dependent, information that is important to patentability must be disclosed to the USPTO, and so would be publicly available.

In sum, rote application of the factors suggest this court should defer to federal patent law, but do not compel it do so. But any literal application of the *Restatement* factors ignores the interests which are actually at stake here. At bottom, this is

because the *Restatement* factors assume a conflict between the privilege laws of two states. One state does not need to have uniformity outside its borders to ensure predictability within the state.

Here, communications during patent prosecution regularly cross state and international borders. Uniformity in that system is so critical that the Federal Circuit held that privilege over communications during patent prosecution is a "unique issue" of federal patent law to which only its law applied. Looking at the issue with the proper focus, numerous special reasons compel the conclusion that Texas should defer to federal patent law.

Stated broadly, not deferring to federal patent law means that patent agents, patent *lawyers,* and their clients will face the fact that – at the time of communication during patent prosecution – whether their communications are privileged could be determined by the law of some unknown state's law. Worse, even if they could guess which state's law might apply, that state's law will not guide on many issues because fact patterns involving privilege in patent practice do not arise in other contexts. Further, during litigation, state courts will be forced to craft rules that they are ill-equipped to create and which could interfere with federal patent law. This is good for no one. The more specific countervailing reasons are:

No Deference Means More Expensive Patent Prosecution. The use of patent agents allows for cheaper patent prosecution and that means more innovation.

In this regard, patent firms must – if there is no patent agent privilege – ensure that patent agents are "supervised" by a lawyer -- in order to claim privilege. This drives up costs and serves no legitimate purpose since by federal law patent agents are qualified to prosecute patents; indeed, presumably the "supervision" could be by a lawyer who is not as qualified as the patent agent.

No Deference Means no Way to Know Which State's Law Could be Applied in the Future. If state law may control whether communications made during patent prosecution are privileged in some future lawsuit, how do patent lawyers or agents – at the time of prosecution -- identify that state? For example, which state's law applies to a communication made by a Texas lawyer to her California client when, while representing a Colorado client, the Texas lawyer travels to Michigan (where the USPTO has one of several regional offices), to discuss a patent application, filed for an Ohio inventor? A Texas lawyer advising a Texas client about a transaction may, occasionally, face those problems, but that sort of cross-border representation happens routinely in patent prosecution. Further, if choice of law turns on where the suit may someday be filed – as seems to be the case under the decision under review here – suit could be in any state.

No Deference Means Leaving Patent Lawyers to Undeveloped, or Non-existent, State Law. Patent practice raises privilege questions that do not arise often in other contexts. If state law applies, state law may provide little (if any) guidance

for patent practitioners. Federal courts will address those issues, but state courts seldom will. And, worse, with respect to whether a patent agent-client privilege exists, most state courts will likely never address the issue. After all, only one state court had done so before the court below issued its opinion. Leaving patent lawyers and patent agents to unknowable law is another reason to defer to federal law.

No Deference Means the Scope of Privilege Turns on Whether a Claim is in State or Federal Court. As shown, Federal Circuit privilege law applies in federal court. Generally, federal law also applies to related state law claims. *Mem. Hosp. for McHenry Cnty. v.. Shadur,* 664 F.2d 1058, 1061 n. 3 (7th Cir. 1981). If Texas courts do not defer to federal patent law, whether communications are privileged would turn on whether a state law claim is filed in Texas federal, or state, court. One could imagine litigators structuring cases solely to gain access to information that would be privileged in federal court. Deferring to federal law eliminates that incongruity and those wasteful incentives.

No Deference Jeopardizes Uniformity Over Communications Involving Patent *Lawyers*. If federal law does not apply, the scope of privilege involving patent *lawyers* and their clients becomes uncertain. Substantial differences exist between how federal patent law views the attorney-client privilege and states do. *Spalding* itself dealt with the question of whether "technical information" intended to be transmitted to the USPTO is be privileged. If this Court does not defer to

federal patent law, then Texas lawyers prosecuting patent applications for Texas clients will not know whether they can rely on federal patent law, or instead must examine Texas state privilege law. Failing to defer means that the uniformity and predictability established by the Federal Circuit as part of its Congressional mission would be in jeopardy, even as to patent lawyer-client communications.

Conclusion

For the foregoing reasons, we respectfully suggest that this Court should reverse and remand, instructing the courts below to defer to federal law.

Respectfully submitted,

/s/

David Hricik
Texas State Bar No. 10129100
151 Country Creek Rd.
Macon, GA 31220
David@Hricik.com
478-361-7626

ATTACHMENT A
AMICI[*]

Shubha Ghosh

Crandall Melvin Professor of Law
Director of the Technology Commercialization Law Program
Syracuse University College of Law
Dineen Hall , 950 Irving Avenue
Syracuse, NY 13244-6070

David Hricik

Professor of Law,
Mercer University School of Law
1021 Georgia Ave.
Macon, GA 31207

Of Counsel
Taylor English Duma, LLP
1600 Parkwood Circle, Suite 200
Atlanta, Georgia 30339

Mark A. Lemley

William H. Neukom Professor,
Director, Stanford Program in Law, Science, and Technology
Senior Fellow, Stanford Institute for Economic Policy Research
Stanford Law School
559 Nathan Abbott Way
Stanford, CA 94305

Partner
Durie Tangri LLP
217 Leidesdorff Street
San Francisco, California 94111
(Continued on next page)

[*] Affiliations are for identification purposes. Our views do not represent those of our institutions or clients.

Michael E. McCabe Jr.

Partner
Funk & Bolton, P.A.
36 South Charles Street, 12th Floor
Baltimore, Maryland 21201-3111

David McGowan

Lyle L. Jones Professor of Competition and Innovation Law
University of San Diego School of Law
Guadalupe Hall 104
5998 Alcalá Park
San Diego, CA 92110-2492

Michael Risch

Villanova University
Charles Widger School of Law
299 North Spring Mill Road
Villanova, PA 19085

CERTIFICATE OF SERVICE

The undersigned counsel certifies that the foregoing amicus letter was electronically filed with the Clerk of the Court using the electronic case filing system of the Court, and that a true and correct copy was served on the lead counsel for all parties by the electronic filing manager February, 20, 2017:

Counsel for Relator Andrew Silver:

Jane Langdell Robinson
Tim Shelby
Demetrios Anaipakos
Edward Goolsby
Ahmad, Zavitsanos, Anaipakos, Alavi & Mensing
1221 McKinney, Suite 3460
Houston, Texas 77010

Counsel for Tabletop Media, LLC:

Brett C. Govett
Jason Fagelman
Robert Greeson
Nathan B. Baum
Norton Rose Fulbright US LLP
2200 Ross Avenue, Suite 3600
Dallas, TX 75201-2784
Warren Huang
Norton Rose Fulbright US LLP
1301 McKinney, Ste. 5100
Houston, Texas 77010-3095

Dated: February 20, 2017

/s David Hricik
David Hricik