COURT OF CHANCERY
OF THE
STATE OF DELAWARE

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VICE CHANCELLOR

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Re: *Cephalon, Inc. v. Johns Hopkins University, et al.*,
Civil Action No. 3505-VCP

Dear Counsel:

Presently before the Court is Plaintiff, Cephalon Inc.'s ("Plaintiff" or "Cephalon"), Second Motion to Compel Discovery ("Second Motion to Compel" or "Motion") of certain documents listed in the privilege logs of Defendants Johns Hopkins University ("JHU") and Xanthus Pharmaceuticals, Inc. ("Xanthus"). Defendants' revised privilege logs list 563 documents withheld by JHU and 183 documents withheld by Xanthus on grounds of attorney-client privilege or work product immunity. Cephalon's Motion challenged 167 of these documents, of which 5 are no longer in dispute.

The Second Motion to Compel raises four main issues. First, Cephalon contends Defendants have not established any proper basis for attorney-client privilege or work

product immunity for numerous documents as to which no attorney is identified. Second, Cephalon argues Defendants' selective release of some documents constitutes a waiver of any applicable privilege as to other communications regarding the same subject matter. Third, Cephalon asserts that even if certain communications are privileged, the underlying facts must be disclosed. Finally, Cephalon urges the Court to disregard the second affidavit of Wesley Blakeslee, Esq. because it contradicts earlier statements he made.

The parties fully briefed the Second Motion to Compel and presented oral arguments regarding it on July 6, 2009. For the reasons stated herein, the Court will require Defendants to supplement their privilege logs and provide additional information for every entry that does not involve an attorney. Additionally, I reject Cephalon's claim of waiver based on the production of Dr. Small's memorandum and Dr. Davenport's email, because neither of those documents actually were protected by the attorney-client privilege or work product immunity. Therefore, Defendants' production of those documents did not waive any privilege. Finally, I find that Blakeslee's second affidavit does not contradict his earlier affidavit; hence, I deny Defendants' request to disregard that document.

I. FACTS

This action is based primarily on a Sponsored Research Agreement ("SRA") executed by Cephalon and Defendants JHU and Dr. Small on July 5, 2000.[1] Under the terms of the SRA, as amended from time to time, JHU and Dr. Small agreed to perform certain research studies to examine the effects of Cephalon's proprietary compounds on FLT-3.[2] Cephalon agreed to supply material and funding for the research project subject to certain limitations placed on JHU and Dr. Small. Cephalon contends that, under Section 5 of the SRA, it is entitled to ownership rights of any invention conceived directly in the conduct of the Project.

In addition to the SRA, Dr. Small entered into a Services Agreement to consult with Cephalon on all aspects of its oncology program. Dr. Small also was involved in other research, separate from the JHU-Cephalon project, including the possible treatment of autoimmune disease using an FLT-3 inhibitor. In August 2002, Dr. Small submitted a Report of Invention ("ROI") to the JHU Office of Technology Transfer ("JHTT") disclosing an autoimmune disease-related invention. JHU filed a U.S. Provisional Patent Application in July 2004, followed by an International Application in July 2005, which was published under the Patent Cooperation Treaty ("PCT"). According to Defendants, Cephalon was informed about the discovery related to the treatment of autoimmune

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[1] The facts recited in this letter opinion are derived from Cephalon's Amended Complaint (the "Complaint"), which was verified.

[2] The SRA is attached to Cephalon's Complaint as Exhibit A.

disorders on several occasions, including a November 2002 meeting among Dr. Small and representatives of Cephalon. Additionally, Defendants assert that Bernard McDonald of the JHTT contacted Cephalon to offer a license to the inventions claimed in the PCT application, but Cephalon did not pursue the offer. Consequently, in April 2007, JHU entered into an agreement with Xanthus under which Xanthus obtained an exclusive worldwide license to the patent rights claimed in JHU's Provisional and PCT applications. After learning of the licensing agreement, Cephalon filed this lawsuit.

The documents at issue on Cephalon's Second Motion to Compel concern communications between Dr. Small and Dr. Heather Bakalyar of JHTT, and between Steve Trusko of Cephalon and Dr. Davenport of JHTT. Defendants claim that all the communications at issue pertain to legal advice by JHU attorney Blakeslee.

II. APPLICABLE LEGAL STANDARDS

The attorney-client privilege is the oldest of the privileges for confidential communications known to the common law.[3] It protects the communications between a client and an attorney acting in his professional capacity where the communications are intended to be confidential and the confidentiality is not waived.[4] The Delaware Rules of Evidence define the scope of the attorney-client privilege recognized in this State. Rule 502(b) states in pertinent part:

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[3] *Rembrandt Tech. L.P. v. Harris Corp.*, 2009 WL 402332, at *5 (Del. Super. Feb. 12, 2009) (citing *Upjohn Co. v. United States*, 449 U.S. 338, 389 (1981)).

[4] *Moyer v. Moyer*, 602 A.2d 68, 72 (Del. 1992).

> A client has a privilege to refuse to disclose and to prevent any other person from disclosing confidential communications made for the purpose of facilitating the rendition of professional legal services to the client (1) between the client or the client's representative and the client's lawyer or the lawyer's representative, (2) between the lawyer and the lawyer's representative, (3) by the client or the client's representative or the client's lawyer or a representative of the lawyer to a lawyer or a representative of a lawyer representing another in a matter of common interest, **(4) between representatives of the client or between the client and a representative of the client,** or (5) among lawyers and their representatives representing the same client.[5]

The rule is not limited to communications between an attorney and her client, but also operates to protect confidential communications involving counsel for separate clients so long as the clients share a common interest sufficient to justify invocation of the privilege.[6] Similarly, the privilege recognized in D.R.E. 502(b) applies to communications among nonlawyer representatives of the client, provided the communications are confidential and "for the purpose of facilitating the rendition of professional legal services to the client."

In contrast to the attorney-client privilege, the work product doctrine assures an attorney that his private work done in anticipation of litigation generally will remain free

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[5] D.R.E. 502(b)(3) (emphasis added).

[6] *U.S. Bank Nat'l Ass'n v. U.S. Timberlands Klamath Falls,* 2005 WL 2037353, at *1 (Del. Ch. June 9, 2005, revised Aug. 16, 2005).

from the encroachments of opposing counsel.[7] The doctrine has been codified in Court of Chancery Rule 26(b)(3), which provides in pertinent part:

> A party may obtain discovery of documents and tangible things otherwise discoverable . . . and prepared in anticipation of litigation or for trial by or for another party or by or for that other party's representative (including the other party's attorney, consultant, surety, indemnitor, insurer, or agent) only upon a showing that the party seeking discovery has substantial need of the materials in the preparation of the party's case and that the party is unable without undue hardship to obtain the substantial equivalent of the materials by other means. In ordering discovery of such materials when the required showing has been made, the Court shall protect against disclosure of the mental impressions, conclusions, opinions, or legal theories of an attorney or other representative of a party concerning the litigation.

Although work product immunity only applies if the document was prepared with an eye toward litigation, the protection it affords is not limited to materials prepared in anticipation of the specific litigation in which production of those materials is sought.[8] The work product doctrine does not require documents to be prepared exclusively by attorneys; also applies to documents prepared by nonattorneys, as long as the documents were prepared in anticipation of litigation.[9]

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7 *Bristol-Myers Co. v. Sigma Chem. Co.*, 1988 WL 147409, at *2 (D. Del. Jan. 20, 1988).

8 *Hercules Inc. v. Exxon Corp.*, 434 F. Supp. 136, 151-52 (D. Del. 1977).

9 *Rembrandt*, 2009 WL 402332, at *9.

III. ANALYSIS

A. Defendants Must Supplement Their Privilege Logs

The first issue raised by Cephalon's Second Motion to Compel pertains to the insufficiency of Defendants' privilege logs. Cephalon first complains that over 150 documents on those logs do not identify even one attorney as being involved with the document. The fact that a written communication does not involve an attorney, however, does not mean the document cannot be privileged. Such a communication, for example, could recite legal advice received from a lawyer or reflect a confidential request made by an officer or other representative of a company for legal advice. In both those instances, the document could very well be privileged.

The problem with Defendants' privilege logs is compounded by the fact that they fail to provide any explanation for the claim of privilege, other than a conclusory notation, such as "Attorney-Client privilege." In these circumstances, I agree with Cephalon that the claim of privilege is inadequate as it pertains to documents for which no attorney involvement is evident from the description of the document on the log.[10]

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[10] No argument was made in the Second Motion to Compel to the effect that Defendants had waived their claims of privilege and work product immunity by failing to supply a privilege log complying with applicable law. Consequently, I have not addressed that issue. In addition, I note that the parties tacitly may have agreed to proceed in an informal manner in terms of the listing of privileged documents, in which case I would not be inclined to find any waiver. Because issues often arise in commercial litigation like this about claims of privilege as to documents for which no attorney involvement is evident, however, it behooves parties proceeding informally to ensure that sufficient information is provided as

Therefore, I will grant, in part, the Second Motion to Compel to the extent that I will order Defendants to revise their privilege logs to provide additional information for every document that does not involve an attorney. In addition to stating whether the document has been withheld on the basis of attorney-client privilege or work product immunity, Defendants must state as to each document that it contains confidential information made "for the purpose of facilitating the rendition of professional legal services to the client"[11] or provide a similar basis for the claimed privilege. Additionally, the supplemental privilege logs must be signed by an attorney in accordance with Rule 11. To the extent Defendants are unable to comply with these directions, the documents involved must be produced.

Within ten calendar days of obtaining the supplemental privilege logs, Cephalon may identify up to fifteen documents for *in camera* review by the Court. The *in camera* review will focus on whether the documents are privileged and whether the representations made in the supplemental privilege logs are reasonable and accurate.

B. Work Product Immunity

Cephalon has challenged three documents withheld by Defendants on the basis of work product immunity. These documents, which are from November 2007, are identified as Nos. 305, 312, and 313 in JHU's revised privilege log and concern

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to such documents to enable the receiving party and the Court to make an informed evaluation of the claimed basis for withholding them.

[11] D.R.E. 502(b)(3).

communications between nonattorneys, Katie Whartenby and Dr. Small. Defendants assert that all three documents reflect work product regarding the "Cephalon litigation." As per the instructions given above, I find this description too summary in nature and direct JHU to provide additional information as to these documents as well.

C. Waiver of Privilege

1. Dr. Small's memorandum

On the second issue, after reviewing Dr. Small's memorandum to Dr. Bakalyar, I conclude that Defendants have not waived any privilege, because the document was not privileged in the first place. The memorandum is one-page long and contains a brief summary of the November 2002 meeting between Dr. Small and representatives of Cephalon. The memorandum informs Dr. Bakalyar about the general content of Dr. Small's presentation and the research updates he provided to Cephalon at the meeting. It does not reflect any confidential legal advice or communication. Thus, I conclude this document is not privileged and Defendants did not waive any privilege by producing it.

2. Dr. Davenport's email

In April 2007, Stephen Trusko, Head of External Scientific Strategy at Cephalon, expressed concerns to Dr. Davenport of JHTT about the use of Cephalon compounds in JHU's PCT application and the scope of the Xanthus license agreement. In response, Dr. Davenport sent an email to Trusko reminding him that Cephalon already had been informed about Dr. Small's autoimmune research idea at the November 2002 meeting.

Dr. Davenport also attached several emails to reinforce his claim that Cephalon was aware of the technology at issue. After careful review of this email, I find that it is not privileged. The document itself does not contain any information that reveals any confidential communication with an attorney or anyone else for the purpose of facilitating the rendition of professional legal services to JHU or Xanthus. There is no reference, for example, to any confidential legal advice or request for legal services.

I express no opinion on whether the questions Dr. Davenport was directed not to answer at his deposition related to privileged information or not. Those issues will have to be evaluated on their own merit. Because Dr. Davenport's email was not privileged, Defendants did not waive any applicable privilege by disclosing it to Cephalon.

D. Disclosure of Underlying Facts

Cephalon correctly notes that privilege is limited to confidential communications and does not protect underlying facts from disclosure.[12] This does not mean that all facts contained anywhere in a privileged document need to be produced. Rather, production may be required if the factual information easily can be segregated from other aspects of a document and produced without disclosing privileged communications. In this case, Cephalon has not directed its complaint about the allegedly improper withholding of factual information to any specific subset of JHU's and Xanthus's privilege logs. This

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[12] *See Hoechst Celanese Corp. v. Nat'l Union Fire Ins. Co.*, 623 A.2d 1118, 1122 (Del. Super. 1992) (citing *Upjohn Co. v. United States*, 449 U.S. 383, 396-97 (1981)).

fact and the relatively general and marginally-supported nature of Cephalon's complaint, convince me that I should not order JHU and Xanthus to review all of their privileged documents again to determine whether any contain purely factual information that should be produced. Instead, I will order JHU and Xanthus to review each of the documents for which they have been ordered in Parts III.A and B *supra* to produce a supplemental privilege log to determine whether any portion of those documents consist only of isolated factual information that does not qualify for attorney-client or work product protection. I further order JHU and Xanthus to produce promptly any documents containing factual information of that nature in redacted form.

E. Second Blakeslee Affidavit

Defendants have provided two affidavits of JHU attorney Blakeslee, the central figure for virtually all the privilege claims at issue here. Both affidavits assert that, while working in the capacity of Associate General Counsel at JHU, Blakeslee provided legal services to Dr. Small and staff members of JHTT for matters related to the autoimmune research. In his first affidavit, Blakeslee declared that his involvement with the licensing agreement between JHU and Xanthus was limited. Later, in his second affidavit, which was filed in connection with Cephalon's Section Motion to Compel, Blakeslee declared that, even after being transferred to JHTT, he retained responsibility for Dr. Small's case to the extent he had been involved with it previously as Associate General Counsel. Blakeslee further asserts in this vein that he "continued to provide legal advice to Dr. Small and other members of JHTT in connection with Dr. Small's FLT3 autoimmune

research, JHU's pending patent applications during that time, and issues raised by Cephalon, Inc. in communications with members of JHTT, which are now part of the subject matter of this litigation."[13] This additional information does not contradict any statement in the first affidavit. Therefore, I conclude that Blakeslee's second affidavit is not misleading or contradictory and deny Cephalon's request that it be disregarded.

IV. CONCLUSION

For the foregoing reasons, I grant in part and deny in part Plaintiff's Second Motion to Compel as indicated in this letter opinion. Each party shall bear its own costs and attorneys' fees in connection with the Second Motion to Compel.

Cephalon's counsel shall submit, on notice, a proposed form of order implementing the rulings set forth in this letter opinion within seven business days of the date of this opinion.

Sincerely,

/s/Donald F. Parsons, Jr.

Vice Chancellor

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[13] Blakeslee Aff., filed May 7, 2009, ¶ 4.