

FILED

OCT 31 2006

NANCY MAYER WHITTINGTON, CLERK
U.S. DISTRICT COURT

**UNITED STATES DISTRICT COURT
DISTRICT OF COLUMBIA**

STATIC CONTROL COMPONENTS, INC.,

PLAINTIFF/COUNTERCLAIM
DEFENDANT

V.

LEXMARK INTERNATIONAL, INC.,

DEFENDANT/COUNTERCLAIM
PLAINTIFF

v.

WAZANA BROTHERS INTERNATIONAL,
INC. d/b/a MICRO SOLUTIONS ENTERPRISES

COUNTERCLAIM DEFENDANT

v.

PENDL COMPANIES, INC.

COUNTERCLAIM DEFENDANT

v.

NER DATA PRODUCTS, INC.

COUNTERCLAIM DEFENDANT

PENDING IN THE UNITED STATES
DISTRICT COURT EASTERN
DISTRICT OF KENTUCKY, BEFORE
THE HONORABLE GREGORY F. VAN
TATENHOVE, CIVIL ACTION 04-CV-
84-GFVT.

CASE NUMBER 1:06MS00474

JUDGE: Gladys Kessler

DECK TYPE: Miscellaneous

DATE STAMP: 10/31/2006

MOTION TO QUASH LEXMARK'S SUBPOENA ON OPPOSING COUNSEL

As set forth in the attached Memorandum in support of Motion to Quash Lexmark's Subpoena on Opposing Counsel, McDermott Will & Emery LLP, by counsel and pursuant to Federal Rule 45 (c), moves this Court to quash Lexmark's October 18, 2006, subpoena.

Furthermore, pursuant to Federal Rule 11, McDermott respectfully requests an Order granting an award of its costs in preparing and arguing the motion to quash Lexmark's improper subpoena.

A proposed draft order is attached hereto.

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Respectfully Submitted,



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Dated: October 29, 2006

CERTIFICATE OF SERVICE

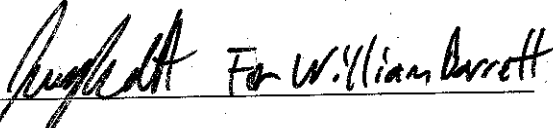
I hereby certify that true and correct copies of the foregoing were served this 31st day of October 2006, by hand delivery and first class mail, as indicated, postage prepaid, to the following:

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UNITED STATES DISTRICT COURT
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v.

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COUNTERCLAIM DEFENDANT

v.

NEF DATA PRODUCTS, INC.

COUNTERCLAIM DEFENDANT

MEMORANDUM IN SUPPORT OF McDERMOTT WILL & EMERY'S MOTION TO
QUASH LEXMARK'S SUBPOENA ON OPPOSING LITIGATION COUNSEL

Pursuant to Fed. R. Civ. P. 45(c), the law firm of McDermott Will & Emery LLP ("McDermott") moves this Court to quash the October 18, 2006 subpoena that was served on McDermott by attorneys for Lexmark International, Inc. ("Lexmark").

The subpoena seeks deposition testimony and documents from McDermott related to work as litigation counsel for Static Control Components, Inc. ("Static Control"), a

Pending in the United States District
Court Eastern District of Kentucky
before the Honorable Gregory F. Van
Antwerp, Civil Action No. CV-06-
00071.

CIVIL ACTION NO.

suing Lexmark, and one of four parties being sued by Lexmark, in the United States District Court for the Eastern District of Kentucky. The subpoena is part of an unabashed attempt by Lexmark to discover the trial strategy and attorney work product of *all* of its opposing parties' trial counsel,¹ apparently based on an unfounded theory that all of those parties waived their privileges when one of them (not McDermott's client, Static Control) asserted an "advice of counsel" defense to willful patent infringement.² The opinion letter that formed this "advice of counsel" was procured years before the litigation commenced by a law firm that has never participated in the litigation for a company never represented by McDermott.

Under Rule 45(c), Lexmark's subpoena must be quashed. McDermott seeks an award of legal fees to compensate for the expenses incurred in defending Lexmark's frivolous attempt to obtain privileged materials and to punish Lexmark for making a tactical maneuver in discovery calculated to distract and harass opposing counsel.

I. FACTS.

A. **Nature of the Underlying Litigation: Static Control Sued Lexmark and Lexmark Counterclaimed Against Static Control.**

McDermott brings this motion in this Court because the subpoena at issue on behalf of this Court. *See* Fed. R. Civ. P. 45(c)(1). The underlying litigation is pending in the United States District Court for the Eastern District of Kentucky, before the Honorable Gregory F. Van Tatenhove. It is the consolidation of two actions that have been pending, respectively, since 2002 and 2004. One of the actions was the subject of the Sixth Circuit's opinion in *Lexmark*

¹ *See*, Ex. 1, Letter from M. Krashin, Oct. 26, 2006. Lexmark filed subpoenas on all the attorneys representing all of the parties opposing Lexmark. This decision to file baseless subpoenas against all opposing counsel is particularly suspect because it comes less than three weeks before the close of discovery in the pending litigation.

² *See id.* (emphasis added) ("the subpoenas that [Lexmark] served on your respective law firms regarding *Pendll's* decision to invoke to the [sic] *advice of counsel* defense).

Int'l, Inc. v. Static Control Components, Inc., 387 F.3d 522 (6th Cir. 2004) (vacating preliminary injunction and remanding for further proceedings).³

The actions concern certain laser printer toner cartridges manufactured by Lexmark. Lexmark makes and sells laser printers and then attempts to “license” toner cartridges for those printers by means that include affixing fine-print labels to the cartridges in an effort to declare unilaterally that anyone who opens the cartridge box or uses the cartridge is a patent licensee of Lexmark, bound by the label “license” to use the cartridge only once and then return it to Lexmark. The object of this scheme is to prevent used cartridges from falling into the hands of companies known as “remanufacturers,” which recycle used cartridges by repairing them and refilling them with toner so that they can be used again – at a price far below that of buying a new Lexmark cartridge. There are thousands of such remanufacturers in the United States.

Lexmark’s adversaries in these actions are three specific remanufacturers – Pendl Companies, Inc. (“Pendl”); NER Data Products, Inc.; and Wazana Brothers International, Inc. (collectively, the “Remanufacturers”) – as well as the industry’s largest supplier of parts to such remanufacturers, Static Control. McDermott is counsel for Static Control⁴ and has at no time been retained by or represents Pendl.⁵

³ McDermott does not wish to burden the Court with an exhaustive collection of exhibits supporting this general background information. McDermott therefore submits as general support for this summary of the nature of the case Static Control’s February 24, 2004 Complaint for Declaratory Judgment (attached as Ex. 2) and Lexmark’s November 8, 2004 Second Amended Answer and Counterclaims (attached as Ex. 3).

⁴ Static Control is also represented by the law firm of Constantine Cannon, P.C., Bartlit Beck Herman Palenchar & Scott LLP and by Mr. Stanley Amberg. Lexmark also improperly subpoenaed each, requesting the same information as that requested of McDermott. McDermott understands that Bartlit Beck and Mr. Amberg have each moved to quash their subpoena in the issuing court (the District of Colorado and the Southern District of New York, respectively). McDermott understands that Constantine Cannon is filing its own motion to quash in this Court.

⁵ Pendl is represented in this litigation by the law firm of Stites & Harbison, PLLC. As discussed

In broad terms, Static Control and the Remanufacturers contend that Lexmark's "licensing" scheme entails false advertising, constitutes patent misuse and is otherwise improperly anti-competitive. Lexmark contends that Static Control and the Remanufacturers are willfully infringing Lexmark's patents and/or willfully inducing the infringement of Lexmark's patents by enabling consumers to re-use toner cartridges that Lexmark alleges were licensed to those consumers for only one use.

B. McDermott's Role As Litigation Counsel To Static Control.

About October 2000, Static Control retained McDermott to represent Static Control in Europe on a trademark matter brought against Static Control by Lexmark. See Ex. 4, Decl. of William H. Barrett at ¶4. When Lexmark sued Static Control in December 2002 in the United States, Static Control engaged McDermott as its U.S. litigation counsel. In furtherance of that engagement, Static Control engaged McDermott as litigation counsel to bring a complaint against Lexmark in 2004. The 2002 and 2004 cases were ultimately consolidated into the matter currently pending in the Eastern District of Kentucky. *Id.* at ¶5. McDermott was retained solely as litigation counsel and not to offer any opinions about the validity or infringement of any patent. *Id.* at ¶6. McDermott was not retained by any other party to the litigation. *Id.* at ¶¶6-7.

As litigation counsel for Static Control, McDermott has not provided any party to this litigation, including Static Control, with any opinion about the validity or infringement of any patent. *Id.* at ¶ 7. McDermott has provided no legal services whatsoever to any party other than Static Control. *Id.*

McDermott has participated with other counsel for Static Control and counsel for all of the Remanufacturers in privileged communications concerning matters of common interest to

infra, Stites & Harbison did not provide the opinion at issue, did not contribute to the opinion, and was retained by Pendl years after the opinion was rendered.

their preparation for trial, pursuant to a common interest agreement. *Id.* at ¶¶8-9. The common interest agreement does not contemplate the provision of, nor has it been used to provide opinions to, any party about the validity or infringement of any patent. *Id.* at ¶ 7-9. All communications between McDermott and Stites & Harbison relevant and possibly responsive to the subpoena have been made subject to this common interest agreement and in furtherance of the common interest. *Id.* at ¶ 7.

C. Pendl's Disclosure Of the 1999 Opinion of Attorney Robert Becker.

On October 13, 2006, Pendl – of its own volition and without requesting or receiving any legal advice from McDermott – disclosed to Lexmark a written opinion of counsel that it apparently procured in 1999, years before any of this litigation began. *See* Ex. 5, Opinion Letter (filed under seal). While McDermott has never discussed this opinion letter with Pendl, it is clearly by its nature an opinion that would support an “advice of counsel” defense to willful patent infringement. *See generally, e.g., Mahurkar v. C.R. Bard, Inc.*, 79 F.3d 1572, 1579 (Fed. Cir. 1996) (whether infringer acted willfully is a question of fact that rests on determination of infringer’s state of mind; infringer’s good faith reliance on competent advice of counsel constitutes defense to willfulness).

The opinion letter was written by an attorney named Robert Becker, who in 1999 was apparently with the law firm of Coudert Brothers. *See* Ex. 5 (filed under seal). To the best of McDermott’s knowledge, neither Mr. Becker nor Coudert Brothers has played any role in this litigation. *See* Ex. 4 at ¶11. McDermott has never had any communications with Mr. Becker or Coudert Brothers concerning Pendl or this litigation. *Id.*

D. Lexmark Subpoenaed Static Control Counsel, McDermott Will & Emery.

On October 18, 2006, Lexmark issued its subpoena to McDermott. *See* Ex. 6, Subpoena.⁶ Lexmark did so despite knowing that McDermott is litigation counsel to Static Control, and despite having no reason to believe McDermott had anything to do with the Becker/Coudert Brothers opinion letter that Pendl disclosed. Lexmark's subpoena to McDermott is just one of a barrage of subpoenas that Lexmark issued the same day to trial counsel for all of its adversaries in the underlying litigation, all premised on *Pendl's* disclosure of the 1999 Becker/Coudert Brothers letter.⁷

The subpoena broadly demands "[a]ll documents and things relating to the subject matter discussed in" the opinion of counsel letter that Pendl produced to Lexmark when asserting its opinion of counsel defense. *Id.* at Request No. 1. That letter mentions: (i) the patent laws of the United States; (ii) the contract laws of the United States; (iii) Pendl's repair of Lexmark cartridges; (iv) the sale by Pendl of repaired Lexmark cartridges; (v) the exhaustion of any Lexmark patent right(s) in the cartridges; (vi) Lexmark's anti-competitive behavior; and (vii) Lexmark's pricing schemes. *See* Ex. 5 (filed under seal). Lexmark is likely to interpret the "subject matter" of the letter at issue with great breadth, even so far as to demand all privileged

⁶ The subpoena commanded production of documents on October 27, 2006 but the date was extended to October 31 through agreement of the parties during a good faith discussion to resolve the dispute created by the subpoenas.

⁷ Lexmark has stated that the instant subpoenas on McDermott and Static Control's other litigation counsel were predicated on Pendl's reliance on the advice of counsel defense. Ex. 1. There is a separate privilege waiver dispute pending before Judge Van Tatenhove involving Static Control, whereby Lexmark contends that Static Control's dissemination in 1998 of a letter written by a law professor, who was not retained as counsel to Static Control, effected a broad privilege waiver. Lexmark has never served a subpoena on Static Control's law firms for those privileged materials, and that matter currently is under review by Judge Van Tatenhove.

attorney-client communication between McDermott and Static Control and all work product produced by McDermott during the litigation.

The subpoena also demands various communications between McDermott and "Pendl" related to virtually every legal contention in the case. *See id.* at Requests Nos. 2-9 and Deposition Topics Nos. 1-8. Importantly, "Pendl" is defined to include Pendl's attorneys (*see id.* at Definition 3) without differentiation between the firms of Stites & Harbison (Pendl's current litigation counsel) and Coudert Brothers (Pendl's previous opinion counsel). As mentioned above, there have been numerous common interest privileged communications between McDermott and the litigation counsel for all the Remanufacturers (including Stites & Harbison). Given the breadth of topics specified by the subpoena, Lexmark seeks most, if not all, common-interest-privileged communications that have taken place among litigation counsel for Static Control and litigation counsel for the Remanufacturers over the course of the entire litigation.

II. RELEVANT LAW.

A. **The Subpoena Must Be Quashed Because It Seeks Information Protected by the Attorney-Client Privilege and Work-Product Doctrine.**

Rule 45 provides that a Court *must* quash or modify a subpoena that requires disclosure of privileged or other protected material. *See Fed. R. Civ. P. 45(c)(3)(A)(iii)*. This protection applies to subpoenas for production of documents as well as the testimony of witnesses. *Id.* A client has the right to seek this protection when its attorney is subpoenaed and the attorney independently has the right to seek it in favor of his client. *See Estate of Yaron Ungar v. Palestinian Authority*, 400 F. Supp. 2d 541, 554 (S.D.N.Y. 2005) (finding subpoena on counsel's documents required a court to "quash, rather than modify, the subpoena under Rule 45(c)"). McDermott is seeking that protection as to each request and deposition topic in Lexmark's subpoena.

B. The Attorney-Client Privilege.

The attorney-client privilege exists for a communication between a client and its attorney when the communication relates to a fact which the attorney was informed by his client, in confidence, and was made for the purpose of securing primarily an opinion of law, legal services, or assistance in some legal proceeding, and not for the purpose of committing a crime or tort. *See United States v. Hsia*, 81 F. Supp. 2d 7, 16 (D.D.C. 2000); *see also Upjohn Co. v. United States*, 449 U.S. 383, 389, 66 L. Ed. 2d 584, 591, 101 S. Ct. 677, 682 (1981). "The attorney-client privilege exists to protect confidential communications, to assure the client that any statements he makes in seeking legal advice will be kept strictly confidential between him and his attorney; in effect, to protect the attorney-client relationship." *United States v. American Tel. & Tel. Co.*, 642 F.2d 1285, 1299 (D.C. Cir. 1980). "The attorney-client privilege is one of the oldest recognized privileges for the protection of confidential communications between a client and her attorney." *United States v. Hsia*, 81 F. Supp. 2d at 16. The attorney-client privilege "belongs to the client, not the attorney." *In re Grand Jury Proceedings*, 73 F.R.D. 647, 653 (M.D. Fla. 1977).

C. The Work Product Privilege.

Work product "prepared in anticipation of litigation or for trial" is privileged and only discoverable upon a showing of substantial need of the privileged materials and inability, without undue hardship, to obtain their substantial equivalent elsewhere. Fed. R. Civ. P. 26(b)(3). Rule 26(b)(3) specifically instructs that, *even where a showing of substantial need and inability to discovery the information elsewhere is 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." *Id.* While in certain circumstances the attorney-client privilege can be waived through inadvertent disclosure of the privileged information, the work-

product privilege is not easily waived. As the DC Circuit explained in comparing the two privileges:

the work product privilege does not exist to protect a confidential relationship, but rather *to promote the adversary system by safeguarding the fruits of an attorney's trial preparations from the discovery attempts of the opponent*. The purpose of the work product doctrine is *to protect information against opposing parties*, rather than against all others outside a particular confidential relationship, in order to encourage effective trial preparation.

United States v. American Tel. & Tel. Co., 642 F.2d at 1299 (emphasis added). Only under extraordinary circumstances should a Court order that documents protected by the work product doctrine be produced. Fed. R. Civ. P. 26(b)(3); *see also Hickman v. Taylor*, 329 U.S. 495, 510-13 (1947) (“Were [an attorney’s ‘statements, memoranda, correspondence, briefs, mental impressions, personal beliefs’] open to opposing counsel on mere demand, much of what is now put down in writing would remain unwritten. An attorney’s thoughts, heretofore inviolate, would not be his own. Inefficiency, unfairness and sharp practices would inevitably develop in the giving of legal advice and in the preparation of cases for trial.”).

D. The Common Interest Privilege.

The joint defense privilege “protects communications between two or more parties and their respective counsel if they are engaged in a joint defense effort.” *In re Sealed Case*, 29 F.3d 715, 719 n. 5 (D.C. Cir. 1994). “It permits a client to disclose information to [its] attorney in the presence of joint parties and their counsel without waiving the attorney-client privilege and is intended to preclude joint parties and their attorneys from disclosing confidential information learned as a consequence of the joint defense without permission.” *United States v. Hsia*, 81 F. Supp. 2d at 16. The joint defense privilege applies not only to communications subject to the attorney-client privilege, but also to communications protected by the work product doctrine. *In*

re Grand Jury Subpoenas, 902 F.2d 244, 249 (4th Cir. 1990). In order to establish the existence of a joint defense privilege, the party asserting the privilege must show that “(1) the communications were made in the course of a joint defense effort; (2) the statements were designed to further the effort; and (3) the privilege has not been waived.” *In re Sealed Case*, 29 F.3d at 719 n.15 (quoting *In re Beville, Bresler & Schulman Asset Management*, 805 F.2d 120, 126 (3d Cir. 1986)). Moreover, the D.C. Circuit has instructed that disclosure of work product to others with a “common interest” does not waive the privilege, stating that “so long as a transferor and transferee anticipate litigation against a common adversary on the same issue or issues, they have strong common interests in sharing the fruit of the trial preparation efforts.” *United States v. American Tel. & Tel. Co.*, 642 F.2d at 1299. Such a rule against waiver “furthers the purpose of the work product privilege by protecting attorneys’ preparations for trial and encouraging the fullest preparation without fear of access by adversaries.” *Id.* at 1300.

III. ARGUMENT.

A. **The Subpoena Must Be Quashed Because It Seeks Information Protected by the Attorney-Client Privilege and Work-Product Doctrine.**

Lexmark’s document requests and deposition topics effectively demand that McDermott – in its role as trial counsel – divulge privileged communications and work product. Privileged documents are not discoverable. Fed. R. Civ. P. 26(b)(1). Any document or other communication between McDermott and Static Control⁸ that is responsive to the topics in the subpoena would have been made to Static Control for the purpose of providing legal services in connection with the ongoing litigation in Kentucky (*see* Ex. 4 at ¶14) and are privileged.

⁸ Including those that might be encompassed by Lexmark’s Request No. 1.

Similarly, McDermott's communications with Static Control,⁹ its litigation preparation,¹⁰ and its communications with Stites & Harbison as trial counsel for Pendl¹¹ reflect the privileged work product of McDermott on behalf of Static Control, and such work product is also not within the proper bounds of discovery. Fed. R. Civ. P. 26(b)(3). Any document in the possession of McDermott or any other communication by McDermott that is responsive to the topics in the subpoena would have been made in preparation for the anticipated trial in Kentucky. *See id.* at ¶15. More specifically, any communication made by McDermott to Stites & Harbison was made in the course of the joint defense effort to defend against Lexmark's counterclaims and any such communication was designed to further the joint defense effort. *See id.* at ¶16.

Therefore, as all of the requests and topics in the subpoena are directed to privileged information, the subpoena *must* be quashed in its entirety. *See* Fed. R. Civ. P. 45(c)(3)(A)(iii).

1. The Privilege at Issue is Static Control's and Has Not Been Waived.

Static Control has not made an improper disclosure of its attorney-client and work-product privileged information and has not otherwise waived its own individual privilege rights. Further, no action by Static Control or Pendl has waived or violated the common interest privilege rights that exist among Static Control and the Remanufacturers. As the subpoena seeks Static Control's privileged information from McDermott for which no waiver has occurred, the subpoena must be quashed. *Id.*

⁹ Including those that might be encompassed by Lexmark's Request No. 1.

¹⁰ Including those that might be encompassed by Lexmark's Requests Nos. 1-9 and Deposition Topic Nos. 1-8.

¹¹ Including those that might be encompassed by Lexmark's Requests Nos. 2-9 and Deposition Topic Nos. 1-8.

2. **Pendl's Advice of Counsel Defense Does Not Waive Static Control's Privilege.**

Lexmark cannot succeed by contending that the alleged waiver of privilege by Pendl extends to the other Remanufacturers or Static Control. Even if Pendl waived its own privileges with respect to certain materials of its own, or related to advice it received from non-litigation counsel (Coudert Brothers) before litigation commenced, that limited waiver cannot be construed to waive the individual privilege that belongs to Static Control, or the common interest privilege that Static Control shares with the Remanufacturers.

First, any alleged waiver of privilege could not vitiate the common interest agreement the co-defendants counsel entered into for trial preparation, years after Pendl received the legal opinion that Pendl now relies upon to refute willful infringement. Lexmark's assertion that Pendl's advice of counsel defense waives privilege as to all co-defendants is both wrong and fundamentally untenable; because the existence of the common interest agreement *prohibits* one party's disclosure from waiving any other party's privilege. See, e.g., *John Morrell & Co. v. Local Union 304A of United Food and Commercial Workers, AFL-CIO*, 913 F.2d 544, 555-56 (8th Cir. 1990) (it is fundamental that joint defense privilege cannot be waived without consent of all parties to the defense) (citing cases); *In re Grand Jury Subpoenas, 89-3 and 89-4, John Doe 89-129*, 902 F.2d 244 (4th Cir. 1990) (one participant in common interest privilege cannot unilaterally waive privilege without consent of other participants in the privilege).

In the specific context of an advice of counsel defense, one co-defendant's decision to raise the defense does not waive the privilege rights of his fellow co-defendants who share a common-interest agreement to defend themselves in a litigation. *Interfaith Housing Delaware, Inc. v. Town of Georgetown*, 841 F. Supp. 1393, 1402 (D. Del. 1994) (“[W]hen one of two or more clients with common interests waives the attorney-client privilege in a dispute with a third

party [raising an advice of counsel defense], that one individual's waiver does not effect a waiver as to the others' attorney-client privilege.")

Second, even in the absence of a joint defense privilege attaching under a common interest agreement, a co-defendant's advice of counsel defense cannot waive privilege as to other co-defendants. *See Ross v. City of Memphis*, 423 F.3d 596, 603 (6th Cir. 2005) ("[A] municipal official's assertion of the advice of counsel defense does not require the City [of Memphis] to relinquish the privilege it holds."); *AT&T Corp. v. Microsoft Corp.*, 2003 U.S. Dist. LEXIS 8710 *20 (N.D. Cal. April 18, 2003) ("this court could not locate any precedent that allows a party in [a] litigation to waive the privilege claims of a third party through the assertion of an advice of counsel defense").

3. Although Pendl's Advice of Counsel Defense may Open a Narrow Waiver of Privilege, the Waiver Alleged by Lexmark Does Not Extend to Communications with Trial Counsel.

Lexmark incorrectly contends that the assertion of Pendl (the party) that it will rely on an advice of counsel defense waived even its own privilege over communications with Pendl's own trial counsel (Stites & Harbison) or work product generated by its own trial counsel (Stites & Harbison), as opposed to the limited waiver of communications with its opinion counsel (Coudert Brothers).

If an accused infringer chooses to rely on an advice of counsel defense, it waives privilege with respect to the communications transmitting the reliance opinion. *Thorn EMI North America, Inc. v. Micron Tech.*, 837 F. Supp. 616 (D. Del. 1993). Materials considered by counsel in rendering the opinion, but not communicated to the client, are protected as work product and are not discoverable. *Id.*; see also *Dunhall Pharm., Inc. v. Discus Dental, Inc.*, 994 F. Supp. 1202, 1205-06 (C.D. Cal. 1998); *Steelcase, Inc. v. Haworth, Inc.* 954 F.Supp. 1195

(W.D. Mich. 1997); *Micron Separations, Inc. v. Pall Corp.*, 159 F.R.D. 361 (D. Ma. 1997).¹²

Even when waiver occurs, such waiver is not unfettered:

Although the Court recognizes plaintiff's valid interest in discovering all work-product related to the subject matter of the asserted defense, that interest must be balanced with defendants' countervailing interest in protecting their work product. Although defendants have waived work-product protection by asserting the advice of counsel defense, that waiver is not absolute Following the filing of the lawsuit, defense counsel is engaged in critical trial preparation, often including analysis of the weakness of their client's case. Such analysis, while likely related to the subject matter of the asserted defense, is fundamentally different from a similar pre-litigation analysis. In comparison to work product produced prior to the filing of the lawsuit, litigation-related work product deserves greater protection.

Dunhall Pharm., 994 F. Supp. at 1205-06, quoted in *Beneficial Franchise Co. v. Bank One, N.A.*, 205 F.R.D. 212, 217-18 (N.D. Ill. 2001). Generally, any work product waiver ends once a lawsuit is filed. *Id.* The difference between reliance opinions and litigation counseling is highlighted by the rejection of litigation defenses as adequate opinions on which to place reliance in defense of a charge of willfulness. *Crystal Semiconductor Corp. v. TriTech Microelectronics Int'l, Inc.*, 246 F.3d 1336, 1352 (Fed. Cir. 2001).

Waiver created by the advice of counsel defense does not extend to litigation documents created in anticipation of, or for use at, trial. See *Intex Recreation Corp. v. Metalast*, Civ. No. 01-1213 (JDB), 2005 U.S. Dist. LEXIS 10149, at *10 (D.D.C. March 2, 2005) ("the waiver should not extend to include attorney work product materials created for trial").¹³ In fact, many

¹² *But see, Mushroom Assoc. v. Monterey Mushrooms, Inc.*, 24 U.S.P.Q.2D (BNA) 1767 (N.D. Cal. 1992); *Haney v. Timesavers, Inc.*, 1995 U.S. Dist. LEXIS 15222 (D. Ore. 1995); *Matsushita Elec. Corp. v. Loral Corp.*, 1995 U.S. Dist. LEXIS 12880, *1-4 (S.D.N.Y. 1996).

¹³ This Court has already considered the Federal Circuit's recent *Echostar* decision and rejected a wholesale expansion of the waiver to litigation counsel. *Intex Rec. Corp. v. Team Worldwide Corp.*, 439 F. Supp. 2d 46, 52 (D.D.C. 2006) ("The undersigned finds EchoStar's limited

courts hold that the waiver applies only to communications and documents created before the filing of a lawsuit, and communications and documents created thereafter retain their privilege. See *Dunhall*, 994 F.Supp. at 1206 (C.D. Cal. 1998) (“Once the lawsuit is filed, the waiver of work product protection ends.”); *Motorola v. Vosi Techs.*, 2002 U.S. Dist. LEXIS 15655 at *2 (N.D. Ill. 2002). Such a limitation “follows the enhanced interest” in protecting a party against wholesale “disclosure of trial strategy and planning.” *Dunhall*, 994 F.Supp. at 1206.

Although some courts find that the waiver extends beyond the filing of the lawsuit, these courts nevertheless limit post-filing discovery to *non-litigation counsel*. They continue to protect litigation counsel and apply the privilege to their advice. See *Tivo v. Echostar*, Civ. No. 2:04-CV-1, 2005 U.S. Dist. LEXIS 42481, at **18-19 (E.D. Tex. Sept. 26, 2005) (denying discovery into opinions by litigation counsel). Even when this Court applied an expansive waiver, it still protected litigation counsel’s files, limiting any production to litigation counsel opinions that contradict the infringer’s previous patent opinions.¹⁴ See *Intex*, 2005 U.S. Dist. LEXIS at *15. All of these interpretations stand for the general premise that regardless of a court’s interpretation of waiver, a party cannot – under the guise of discovery pursuant to an advice of counsel defense – “pillage” its opponent’s litigation files. *In re Echostar*, 448 F.3d 1294, 78 USPQ2d 1676, at 1682 (Fed. Cir. 1996). That is precisely and transparently what Lexmark is trying to do by extending Pendl’s reliance on the opinion of its non-litigation counsel (Coudert

discussion concerning this issue is inapplicable to the instant dispute, and that Intex's suggested standard for determining the limits of discoverable communications and work-product has been previously accepted by this Court. ... [T]he facts considered by the Federal Circuit in its limited discussion of the dispute in EchoStar are distinguishable from those present in the instant case.”).

¹⁴ Again, Lexmark’s subpoena seeks discovery from McDermott as litigation counsel of *Static Control* (not Pendl). McDermott has had no communication with Pendl and has thus made no communications to Pendl that contradict the opinion Pendl received.

Brothers) to its litigation counsel (Stites & Harbison), and then further to McDermott as litigation counsel of Static Control.

B. The Subpoena Should be Quashed Because It Fails to Meet Mandatory Prerequisites for Deposing Opposing Counsel.

Depositions of opposing counsel are disfavored. *Corporation for Public Broadcasting v. American Automobile Centennial Comm'n*, 1999 U.S. Dist. LEXIS 1072, at * 3 (D.D.C. 1999). Even “a deposition of counsel limited to relevant and non-privileged information risks disrupting the attorney-client relationship and impeding the litigation.” *RESQNET.com v. Lansa, Inc.*, 59 Fed. R. Serv. 3d (Callaghan) 122, 2004 U.S. Dist. LEXIS 13579, at * 5 (S.D.N.Y. July 23, 2004) (citing *Alcorn Labs v. Pharmacia Corp.*, 225 F.Supp. 2d 340 (S.D.N.Y. 2002)). Taking the deposition of opposing counsel not only “lowers the standards of the profession,” but also “detracts from the quality of client representation.” *Shelton v. American Motors Corp.*, 805 F.2d 1323, 1327 (8th Cir. 1987). Counsel should instead be free to devote his or her time and efforts to preparing the client’s case “without fear of being interrogated by his or her opponent.” *Id.*

This Court has applied the strict test announced by the Eight Circuit in *Shelton*. See *Jennings v. Family Management*, 201 F.R.D. 272, 277 (D.D.C. 2001); *Evans v. Atwood*, 1999 WL 1032811 (D.D.C. Sept. 29, 1999); *Corporation for Public Broadcasting v. American Automobile Centennial Comm'n*, 1999 WL 1815561 (D.D.C. Feb. 2, 1999). Under *Shelton*, depositions of opposing counsel are allowed only if three conditions are met: (1) the information sought is relevant and not privileged; (2) “no other means exists to obtain the information” and (3) “the information is crucial to the preparation of the case.” *Shelton*, 805 F.2d at 1327.

Lexmark cannot meet any of these prerequisites. First, the information sought is privileged and Static Control has not waived any privilege. See Section III.A, *supra*. Second, Lexmark cannot prove that no other means exist to discover the information. The subpoena

seeks testimony about communications between McDermott and Pendl and Pendl's attorneys. To the extent the topics encompass any non-privileged information, Lexmark can simply depose Pendl. Discovering any such information from an alternate source is therefore not only possible, but convenient, as Pendl is a party to the litigation. Third, Lexmark has not and cannot show that deposing McDermott is "crucial" to its case. Discovering Static Control's trial strategy is not appropriate, much less "crucial."

Even courts that have not followed *Shelton* acknowledge the limited circumstances under which opposing counsel may be deposed. In *U.S. v. Philip Morris Inc.*, 209 F.R.D. 13 (D.D.C. 2002), for example, Judge Kessler stated that "There is no question that *Shelton* addressed a troubling and real-world discovery problem." *Id.* at 17. However, the Court held that the case before it was different from *Shelton* in a number of crucial ways, including the fact that the opposing in-house counsel whose depositions were sought were not trial counsel, that they had significant non-legal, non-litigation responsibilities, and that the plaintiff affirmatively represented that it was not seeking litigation strategy in the case, but only non-privileged, pre-litigation factual matters. *Id.* Because of these differences, the Court determined that the *Shelton* factors did not apply to the case. *Id.* In this case, however, Lexmark is specifically seeking privileged information from trial counsel who had no role in pre-litigation dealings.

Similarly, in *Sadowski v. Gudmundson*, 206 F.R.D. 25 (D.D.C. 2002), Magistrate Judge Facciola allowed a limited deposition of opposing counsel who had participated in a telephone conversation with an officer of the Copyright Office pertaining to the copyright at issue in the lawsuit. Because the trial counsel was also involved in the underlying events supporting the lawsuit, and he had "unique or superior knowledge of key facts" of the case, his deposition was allowed for the limited purpose of obtaining factual information related to the telephone

conference and the copyright application. *Id.* at 26-27. Unlike the attorney in *Sadowski*, McDermott had no involvement in the underlying events giving rise to the case nor does it have any unique or superior knowledge of any “key facts” to the case. Under any standard, Lexmark’s subpoena to McDermott represents a “textbook example” of the abuses of the discovery rules and an attempt to obtain a preview of the defendants’ litigation strategies in this case and should not be condoned. *Phillip Morris*, 209 F.R.D. at 18.

C. The Subpoena Should Be Quashed Because It Does Not Provide a Sufficient Response Time, is Overly Broad and Unduly Burdensome, and Seeks Duplicative Information.

The subpoena should be quashed because of numerous other deficiencies. First, it allowed only twelve days for what would be tremendously burdensome document production. Ex. 6 at 2.¹⁵ This does not constitute a reasonable time for compliance. *See* Fed. R. Civ. P. 45(c)(3)(i) (requiring reasonable time for compliance).

Second, the subpoena is overly broad and unduly burdensome. For instance, it requests all documents and testimony “relating to” the “subject matter” of the Becker/Coudert Brothers letter from August 1999. Not only is this request vague, but it could be read to include all statutes and case law, as well as every document ever written about patent infringement. This subpoena is overly burdensome and should be quashed. *See* Fed. R. Civ. P. 45(c)(3)(A)(iv) (quashing subpoena for undue burden).

Finally, the subpoena seeks duplicative documents already sought from the appropriate party – Pendl. Allowing an opposing litigant to serve discovery on a party and then subpoena its opposing counsel for the same documents is wasteful. Lexmark is taxing both the Eastern District of Kentucky’s resources where the suit is ongoing and this Court’s time (and several

¹⁵ As previously discussed, the noticed date of October 27 was extended by agreement to October 31.

other Courts' time) as well. For all these reasons enumerated under Rule 45(c), the subpoena should be quashed.

D. Static Control Should Be Awarded Attorney Fees.

A party and its attorney issuing and serving a subpoena "shall take reasonable steps to avoid imposing undue burden or expense on a person subject to that subpoena." Fed. R. Civ. P. 45(c). Moreover, the "court on behalf of which the subpoena was issued shall enforce this duty and impose upon the party or attorney in breach of this duty an appropriate sanction which may include, but is not limited to, lost earnings and a reasonable attorney's fee." *Id.*

A cursory review of the attorney-client privilege would have put Lexmark on notice that its document requests and deposition topics were impermissible and untenable. *See* Section II, *supra*. Any serious consideration of the prerequisites for deposing litigation counsel would have put Lexmark on notice of the impropriety of its subpoena. *See id.* Even in Lexmark's broadest, most optimistic reading of the applicable case law, the proper source of any discoverable case law was *Pendl* – not McDermott, Static Control, or any of *the fifteen other law firms* upon whom Lexmark served subpoenas.

Finally, regardless of whether Lexmark argues it has appropriate grounds based on the advice of counsel defense asserted by one defendant in this case, it is undeniable that it has sought documents and testimony far exceeding that topic, and Lexmark has served these subpoenas with a tactical purpose of distracting and harassing counsel in the closing weeks of discovery. Based on these actions, McDermott should be awarded its attorney's fees in response to this motion.¹⁶

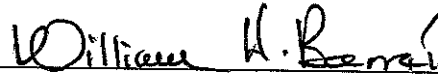
¹⁶ At the eleventh hour, Lexmark proposed that all of the parties should consolidate their objections before the Court in Lexington; however, Lexmark's proposal refused to recognize that: (i) Static Control has made no waiver; (ii) even if *Pendl* (the party) has waived a privilege, it has no right to waive a privilege held by Static Control and that McDermott defends on behalf

IV. CONCLUSION.

For the foregoing reasons, McDermott respectfully requests that the Court quash the subpoena issued by Lexmark and award McDermott its costs in preparing and arguing the instant motion.

of Static Control; and (iii) any information that might be discoverable from Pendl (the party) would be properly discovered from Pendl, not McDermott or any of the other litigation counsel upon whom Lexmark served its vexatious subpoenae. Further, Lexmark's proposal failed to withdraw the overly-broad topics that would go not only to communications with Pendl (the party) but to Static Control's complete litigation strategy.

Respectfully Submitted,



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Dated: October 29, 2006

CERTIFICATE OF SERVICE


I hereby certify that true and correct copies of the foregoing were served this 31st day of October 2006, by hand delivery and first class mail, as indicated, postage prepaid, to the following:

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