UNITED STATES DISTRICT COURT
EASTERN DISTRICT OF WISCONSIN

KIMBERLY-CLARK WORLDWIDE INC. et al.,

Plaintiffs,

v. Case No. 14-CV-1466

FIRST QUALITY BABY PRODUCTS LLC et al.,

Defendants.

FIRST QUALITY BABY PRODUCTS LLC et al.,

Counterclaim-Plaintiffs,

v.

KIMBERLY-CLARK WORLDWIDE INC. et al.,

Counterclaim-Defendants.

DECISION AND ORDER DENYING MOTION TO COMPEL

Defendants and Counterclaim-Plaintiffs First Quality Baby Products LLC et al. (FQ) have filed a motion to compel a series of emails in the possession of Plaintiffs and Counterclaim-Defendants Kimberly-Clark Worldwide, Inc. et al. (K-C) in this patent and antitrust case. K-C inadvertently produced the emails in discovery and claims they are protected by the attorney-client privilege and the work product doctrine. FQ destroyed the emails before filing this motion pursuant to a protective order the court has entered upon the parties' agreement in this case. In its motion FQ requests that the court conduct an *in camera* review of the emails, order K-C to produce the emails with only the privileged information redacted, if any, and order K-C to review the other

discovery materials it has withheld on the basis of privilege and certify that it is only withholding materials subject to a proper claim of privilege. After conducting an *in camera review* of the emails, I conclude that K-C has properly withheld the emails on the basis of the attorney-client privilege and FQ's motion will therefore be denied.

This case, the latest of a number between these parties, involves K-C's claim that FQ infringed its patent describing disposable training pants for potty-training toddlers, and FQ's counterclaims alleging K-C violated antitrust laws by, in essence, asserting patent claims it knows are invalid and unenforceable. The three emails in question, all sent on February 1, 2014, pertain to the patent-in-suit, which issued June 10, 2014. The first email was sent by K-C's outside patent prosecution counsel to K-C's in-house counsel advising that the claims in the patent-in-suit had been allowed and that the outside attorneys needed to know how to proceed, including when to pay the issue fee and whether to file any continuation applications for the technology at issue. The second email is a response from in-house counsel essentially stating that K-C would probably seek to move forward with the issuance of the new patent as soon as possible. Various other attorneys are copied and asked to "chime in" if they disagree. The third email is sent by the same in-house attorney that sent the second, Attorney Michael Bendel. It is addressed to K-C's non-attorney "patent senior specialist" and another in-house attorney and three K-C non-attorney business people are copied. According to Bendel's affidavit, one of these non-attorneys is K-C's research and engineer senior technical director, one is research and engineer technical strategist and one is senior brand manager corporate brands.

The third email is designated "Privileged & Confidential" within the body. Bendel advises of the allowance of the claims (the first and second emails are forwarded and therefore can be

reviewed by the recipients of the third). He advises that the matter is directly related to litigation between FQ and K-C in Wisconsin (although this suit had not yet been brought, the appeal of a related case was pending at the time). Bendel also advises that he wants to proceed with issuance of the newly allowed claims as soon as possible and he asks the senior patent specialist to handle the outside patent lawyers' requests, including the specific questions about continuation applications and so forth, as quickly as possible. Bendel then addresses the other non-attorneys and tells them he just wanted to give them a heads up on the good news. He says that what the new patent means for K-C is under analysis, but basically that it should be good for business if used appropriately in relation to K-C's customers. Bendel tells the non-lawyers to stay tuned and to talk to him or the other attorney copied on the email if they need to discuss the matter sooner (meaning, presumably, before the patent issues).

"The attorney-client privilege protects communications made in confidence by a client and a client's employees to an attorney, acting as an attorney, for the purpose of obtaining legal advice." *T.E. v. South Berwyn School Dist. 100*, 600 F.3d 612, 618 (7th Cir. 2009). Under a narrow view of attorney-client privilege, communications made by the attorney to the client are only privileged if the communication reveals client confidences. Under a slightly broader view, attorney-to-client communications are also privileged if the communication constitutes legal advice (which must be, of course, provided in confidence). *See Sprague v. Thorn Americas, Inc.*, 129 F.3d 1355, 1370 (10th Cir. 1997) (discussing two views). The Seventh Circuit aligns itself with the latter view: "Communications from attorney to client are privileged only if they constitute legal advice, or tend directly or indirectly to reveal the substance of a client confidence." *Judson Atkinson Candies, Inc. v. Latini-Hohberger Dhimantec*, 529 F.3d 371, 388 (7th Cir. 2008) (quoting *United States v.*

Defazio, 899 F.2d 626, 635 (7th Cir. 1990)).

FQ argues the entire email chain cannot be withheld on the basis of attorney-client privilege in this case because the third email "conveys unsolicited business advice regarding how K-C business personnel could use the issuance of the patent-in-suit specifically to advantage K-C against First Quality in the marketplace." (Defs.' Br. 2, ECF No. 100.) FQ relies on *Burden-Meeks v. Welch*, where, although the case was decided on the basis of waiver of privilege, Judge Easterbrook wrote that "[h]iring lawyers to do consultants' work does not bring a privilege into play." 319 F.3d 389, 899 (7th Cir. 2003). FQ also relies on a district court case that also dealt with waiver of privilege by disclosure to third-parties for the proposition that a communication is not cloaked with privilege just because it relates to a patent. *See Sneider v. Kimberly-Clark Corp.*, 91 F.R.D. 1, 8 (N.D. Ill. 1980).

Business advice and legal advice are not mutually exclusive categories, however. An attorney often advises his business clients how to legally operate their businesses. In other words, an attorney's advice can be both. As the Ninth Circuit stated, invoking Wigmore for general principles of attorney-client privilege: "A client is entitled to hire a lawyer, and have his secrets kept, for legal advice regarding the client's business affairs." *United States v. Chen*, 99 F.3d 1495, 1501 (9th Cir. 1996). And simply calling advice nothing but "business" advice does not help—that is the conclusion, not the analysis. *Id.* at 1502. What matters is whether the attorney was hired and was advising in his or her capacity as an attorney. *See id.* ("It is not easy to frame a definite test for distinguishing *legal from business advice*. . . . [But generally] a matter committed to a professional legal adviser *is prima facie so committed for the sake of the legal advice* . . . and is therefore within the privilege unless it clearly appears to be lacking in aspects requiring legal advice." (quoting 8

JOHN H. WIGMORE, EVIDENCE § 2296 (McNaughton rev. ed. 1961)) (emphasis in original)).

In this case, that the first two emails are protected is beyond dispute. These are emails between attorneys discussing how to proceed strategically with the prosecution of a patent. They are essentially communications between the corporation itself and its outside attorneys. *See Natta v. Zletz*, 418 F.2d 633, 637 (7th Cir. 1969) ("The category 1 documents consist of correspondence between house and outside counsel and relate to or anticipate [a patent interference proceeding]. They were communications to attorneys for legal advice and assistance. Such communications clearly fall within the ambit of the attorney-client privilege. Such communications are essentially between the corporation and its outside attorneys, regardless of the legal qualifications of the 'house' counsel." (citations omitted)); *see also McCook Metals L.L.C. v. Alcoa Inc.*, 192 F.R.D. 242, 255 (N.D. Ill. 2000) ("[I]t appears implicit in present day litigation with multiple attorneys required for proper representation that attorneys must be allowed to confer with each other regarding the representation of a client on a privileged basis in the same way that clients must be able to discuss the advice of counsel amongst themselves on a privileged basis." (citing *Natta*)). As noted, FQ does not really argue the first and second emails were improperly withheld.

It also appears that the third email contains legal advice from Bendel advising in his capacity as K-C's attorney. In his affidavit, Bendel states he is "providing [the senior patent specialist] instructions on carrying out K-C's legal strategy for the prosecution of the patent-in-suit, in light of litigation consideration." (ECF No. 115, ¶ 5.) In other words, Bendel is telling that individual to answer the outside patent lawyers' questions as quickly as possible so K-C can proceed with issuance of the new patent. Also, he avers he addresses the other non-lawyers "with legal advice and K-C's strategies for the anticipated future litigation of K-C's patent-in-suit . . . and communicating

to customers about the patent-in-suit and related patents and litigations. This portion of the email was prepared because the issuance of the patent-in-suit was likely to lead to a new litigation with FQ." (*Id.*)

It is apparent from the these three emails that Attorney Bendel's responsibilities included overseeing ongoing patent prosecution activities and litigations and advising key personnel not only as to the latest news regarding these matters, but what K-C's strategic position is and what that means for their jobs. FQ calls Bendel's communication "unsolicited," apparently because the third email includes comments addressed to non-attorneys that were not made in direct reply to an email from them. But the fact that it was not a direct response to a specific question does not mean it is not protected. "If the nature of the attorney-client relationship (e.g., in-house counsel with broad responsibilities to screen internal correspondence for potential legal problems and advising appropriate persons thereon) or the issues upon which legal advice was specifically sought are indicative of an active professional relationship, the attorney's communications will be protected." PAUL R. RICE ET AL., ATTORNEY-CLIENT PRIVILEGE IN THE UNITED STATES § 7:32; *see also Bristol-Myers Co. v. Sigma Chemical Co.*, 7 U.S.P.Q.2d 1574, 1988 WL 147409, *2 (D. Del. Jan. 20, 1988) ("privilege may also apply to attorney-client communications initiated by the attorney for the purpose of informing the client of developments in his case"); *Hercules, Inc. v. Exxon Corp.*, 434 F. Supp. 136, 144, 24 Fed. R. Serv. 2d 1343 (D. Del. 1977) ("It is not essential, however, that the request for advice be express. Client communications intended to keep the attorney apprised of continuing business developments, with an implied request for legal advice based thereon, or self-initiated attorney communications intended to keep the client posted on legal developments and implications may also be protected."); *Burlington Industries v. Exxon Corp.*, 65 F.R.D. 26, 37, 19

Fed. R. Serv. 2d 533 (D. Md. 1974) ("While certain advisory communications from the attorney to the client were not in direct response to a client request, it is evident that an ongoing attorney-client relationship existed. Moreover, the attorney would have been remiss in his duties were he not to keep his client informed of pertinent legal developments with respect to the matters for which his services were obtained. Consequently, both the implied requests for legal advice and the self-initiated attorney communications were properly protected."). Attorney Bendel's comments to the non-attorneys fall within this rule.

Finally, even if a stray sentence or two went beyond offering strictly legal advice, the result would be the same. Remarks relating solely to business may be properly subject to a claim of privilege when incidental to otherwise bona fide legal advice. *See, e.g.*, *FMC Corp. v. R.W. Christy, Inc.*, No. 88-5793, 1988 WL 76097, at *3 (E.D. Pa. July 15, 1988) ("The primary purpose of the communication is to seek legal advice. The privilege is not lost when non-legal information is part of the communication. Taken as a whole, the document represents a communication of facts and questions that a client would reasonably submit to an attorney in the context of a case such as this. The entire document is protected and accordingly, plaintiff's motion to compel is denied." (citation omitted)); *see also Chen*, 99 F.3d at 1502 ("Where the general purpose concerns legal rights and obligations, a particular incidental transaction would receive protection, though in itself it were merely commercial in nature[.]" (quoting 8 WIGMORE, EVIDENCE § 2296)). If the rule were otherwise, courts would be required to parse emails, letters and general conversations on a statement-by-statement basis to determine which sentences or even clauses were protected and which were not. This would only increase the costs and lengthen the delays in litigation even beyond what they are today.

For all of these reasons, I find the attorney-client privilege holds and the entire email chain was properly withheld. K-C's motion is therefore denied. The email chain will be retained by the court and filed under seal as part of the record.

So ordered this 12th day of March, 2015.

s/ William C. Griesbach
William C. Griesbach, Chief Judge
United States District Court