

**UNITED STATES DISTRICT COURT
SOUTHERN DISTRICT OF FLORIDA**

CASE NO. 1:16-CV-21199-CMA/O'Sullivan

ANDREA ROSSI, *et al.*,

Plaintiffs,

v.

THOMAS DARDEN, *et al.*,

Defendants,

**PLAINTIFFS' MEMORANDUM OF LAW IN OPPOSITION TO
DEFENDANTS' MEMORANDUM REGARDING COMMUNICATIONS
WITH DEEP RIVER VENTURES**

Plaintiffs, Andrea Rossi ("Rossi") and Leonardo Corporation ("Leonardo"), by and through their undersigned counsel, hereby respond in opposition to Defendants, Thomas Darden ("Darden"), John T. Vaughn ("Vaughn"), Industrial Heat LLC ("Industrial Heat"), IPH International, B.V. ("IPH") and Cherokee Investment Partners, LLC's ("Cherokee") Memorandum of Law Regarding Communications With Deep River Ventures [DE No. 143] and state:

INTRODUCTION

Defendants have withheld, under the guise of the attorney-client privilege, nearly 600 communications that involve non-parties Deep River Ventures ("DRV"), Dewey Weaver, and/or Paul Morris. Despite ample opportunity to prove that such communications are protected by the attorney-client privilege, Defendants have failed to meet their burden to do so and must either produce those communications to Plaintiffs or submit them to the Court for *in camera* review.

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MEMORANDUM OF LAW

The attorney-client privilege protects those communications “between a lawyer and a client not intended to be disclosed to third persons other than those to whom disclosure is in furtherance of the rendition of legal services, or those reasonably necessary for the transmission of the communication.” *Tyne v. Time Warner Entm’t Co., L.P.*, 212 F.R.D. 596, 597 (M.D. Fla. 2002) (citing § 90.502(1)(c), Fla. Stat.). The privilege “extends to agents and representatives of the attorney when disclosure is in furtherance of the rendition of legal services, or when disclosure is reasonably necessary for the transmission of the communication.” *Id.* at 598 (citing § 90.502(1)(c)(1-2), Fla. Stat.) (emphasis added). The Southern District of Florida has found that the privilege applies to “agents and subordinates *working under the direct supervision and control of the attorney.*” *Royal Bahamian Ass’n v. QBE Ins. Corp.*, No. 10-21511-CIV-MORENO/GOODMAN, 2010 U.S. Dist. LEXIS 101275, at *8-9 (S.D. Fla. Sept. 20, 2010) (emphasis added). For example, in *Tyne*, the Southern District found that where an individual’s job requires her to act “as an extension or agent of the legal department,” communications with that individual may be privileged. 212 F.R.D. at 597.

The privilege may also extend to non-attorney professionals a client engages “in furtherance of their litigation aims.” *In re Int’l Oil Trading Co., LLC*, 548 B.R. 825, 833 (Bankr. S.D. Fla. 2016). The Southern District expounded upon such an extension of the privilege in *Tyne*, holding that the privilege may extend to those individuals without whom the communication would be “useless.” 212 F.R.D. at 600. Following similar reasoning, the Southern District found in *Royal Bahamian* that the privilege may extend to those individuals without whom the client would be “handcuffed” in litigating its case. 2010 U.S. Dist. LEXIS 101275, at *10.

In any event, “the attorney-client privilege only protects those communications made for the purpose of obtaining informed legal advice, and not business advice.” *Sun Capital Partners, Inc. v. Twin City Fire Ins. Co.*, No. 12-81397-CIV-Marra/Matthewman, 2015 U.S. Dist. LEXIS 85715, at *13 (S.D. Fla. Apr. 21, 2015).

ANALYSIS

I. Email Communications Between DRV and Counsel.

A. Defendants Have Not Met Their Burden of Proof With Respect to Communications Purportedly Pertaining to Joint Representation Agreements.

Defendants have withheld more than 200 documents involving DRV, Dewey Weaver, Paul Morris, and counsel. In support of its privilege claims, Defendants have produced two joint representation agreements involving DRV. The first agreement, between IH, DRV, and the law firm of Myers Bigel Sibley & Sajovec, P.A. (“Myers Bigel”) was signed on September 18, 2013. The scope of the representation is limited to “intellectual property matters related to production of energy.” [ECF No. 143, Ex. A at 4.] In further defining that scope, the agreement provides:

Our Firm’s practice is dedicated exclusively to intellectual property law, and we do not handle any matters outside this scope of practice. This generally includes patent, trademark, trade dress, and copyright related work, including prosecution, litigation, licensing, *inter partes* and *ex parte* reexamination, and opinion work. Any work beyond this scope must be specifically approved in advance in writing.

[ECF No. 143, Ex. A ¶ 6.] As Myers Bigel notes in the agreement, the firm’s “practice is dedicated exclusively to intellectual property law, and we do not handle any matters outside of the scope of the practice.” [ECF No. 143, Ex. A ¶ 6.]

The second agreement, purportedly between IH, DRV, and NK Patent Law, PLLC (“NK”) was signed by IH on February 11, 2014, but was not signed by DRV; Defendants have not provided a signed copy of the agreement. The scope of NK’s purported representation of the parties is not

defined in the agreement, and Defendants have not informed the Court of the scope. Defendants have attached to that agreement the Engagement Letter between IH and NK, in which NK describes the nature of the engagement between those two parties as, “serving as legal counsel relating to intellectual property matters, specifically as it relates to patent matters.” [ECF No. 143, Ex. A ¶ 6.]

As a preliminary matter, Defendants have not shown that an attorney-client relationship exists with respect to DRV and NK. They have not produced a signed representation agreement between IH, DRV, and NK. Instead, Defendants state the conclusory allegation that “DRV *was itself a client* jointly represented by ... NK Patent Law, along with Industrial Heat.” [ECF No. 143 at 4.] Yet the case law is clear that “[t]he party invoking the attorney-client privilege has the burden of proving that an attorney-client relationship existed and that the particular communications were confidential.” *United States v. Schaltenbrand*, 930 F.2d 1554, 1562 (11th Cir. 1991).

In addition, Defendants have given no indication that the primary purpose of any communication with either Myers Bigel or NK was to obtain legal advice rather than business advice. *See Sun Capital Partners*, 2015 U.S. Dist. LEXIS 85715, at *13. Defendants’ Privilege Log entries simply state that the communications concern legal advice. Without further explanation from Defendants, or an *in camera* review by the Court, neither Plaintiffs nor the Court may discern whether these communications are privileged legal communications or discoverable communications containing business guidance. Given that Plaintiff Rossi is the inventor of the intellectual property, and Plaintiff Leonardo Corp. is the owner of the intellectual property, while Defendant IPH is a mere licensee, it stands to reason that Plaintiffs are entitled to more than

conclusory allegations that communications concerning Plaintiffs' property are protected from discovery.¹

B. Defendants' Agency Theory Must Fail.

Defendants' assertion that every communication involving Messrs. Weaver or Morris is protected by the attorney-client privilege simply because DRV performed patent-related work is unavailing. [ECF No. 143 at 8.] To be clear, Florida law requires that the primary purpose of any communication with counsel must be to obtain legal advice rather than business advice. *See Sun Capital Partners*, 2015 U.S. Dist. LEXIS 85715, at *13. Defendants may not assume the veil of privilege simply by stating the conclusory allegation that DRV and its employees were "agents" of IH.

To begin with, the Scope of Work contained in the consulting agreement between IH and DRV indicates that DRV was contracted to perform business-related services. Those services include:

- Maintaining relationships with inventors and others in the field commonly known as low energy nuclear reactions;
- Identifying investment and strategic partnership opportunities in the Field;
- Staying abreast of all new developments in the Field and routinely reporting such developments to Company management;
- Assisting with overall business, intellectual property, and commercialization strategy; and
- Providing assistance in other capacities as requested by the Company.

[ECF No. 143, Ex. B at 1.] It appears on the face of the consulting agreement that the parties to that agreement envisioned a business relationship in which DRV would perform primarily business functions. The nature of the parties' relationship is unchanged by the provision in the agreement

¹ Assuming, of course, that the entries are related to the underlying action and so related to Plaintiffs' intellectual property.

providing that DRV would assist IH with certain patent-related tasks or assist with legal proceedings. [ECF No. 143, Ex. B ¶ 4.] To the extent that Defendants claim that communications involving DRV and its employees are privileged, Defendants are required to make a showing that such communications are primarily legal in nature. *Sun Capital Partners*, 2015 U.S. Dist. LEXIS 85715, at *13. Given that the Court has found that numerous communications involving DRV were business communications, Defendants' conclusory allegations will not suffice. *See* Order on Discovery Hearing Proceeding Conducted on February 9, 2017, ECF No. 146.

In addition, Defendants are required to show that their communications with counsel would have been "useless" but for including DRV and Messrs. Weaver and Morris thereon or that without including these entities/individuals, Defendants would have been "handcuffed" in litigating its case. *Tyne*, 212 F.R.D. at 600; *Royal Bahamian*, 2010 U.S. Dist. LEXIS 101275, at *10. Defendants have not so argued in their memorandum of law, and thus have not met their burden of providing that the attorney-client privilege extends to DRV, Mr. Weaver, or Mr. Morris.

C. Florida Law Does Not Distinguish Between Cases Involving Patents and Other Patents When Applying the Attorney-Client Privilege.

In further support of their sweeping privilege assertion, and perhaps in an effort to avoid providing more illuminating information about the communications in question, Defendants assert that in cases involving patents, the Court should disregard whether the content of the purportedly privileged communication is "business-like" and look instead to whether the communication was exchanged "for the purpose of securing [] legal services." [ECF No. 143 at 7.] To the extent that Defendants attempt to carve out an exception to the attorney-client privilege rules in the State of Florida, the Southern District has made clear that "[t]he analysis of attorney-client privilege is no different in patent representation matters than in other types of representations." *Universal City*

Dev. Ptnrs, Ltd. v. Ride & Show Eng'g, Inc., 230 F.R.D. 688, 697 (M.D. Fla. 2005). The Court's inquiry remains whether the purportedly confidential communication was sent for a business purpose or a legal purpose. *See Sun Capital Partners*, 2015 U.S. Dist. LEXIS 85715, at *13.

Defendants themselves appear to acknowledge that such is the case, and even draw the Court's attention to non-Florida cases taking the same position. [ECF No. 143 at 5.] *See, e.g., Burlington Indus., Inc. v. Rossville Yarn, Inc.*, No. CIV.A.495-CV-0401HLM, 1997 WL 404319, at *1 (N.D. Ga. June 3, 1997) ("In the context of a patent lawsuit, the party claiming the privilege must clearly show that a document renders legal advice and does not, for example, merely contain facts later disclosed in a patent or trademark application.") (internal citations omitted); *Automed Techs., Inc. v. Knapp Logistics & Automation, Inc.*, 382 F. Supp. 2d 1372, 1376 (N.D. Ga. 2005) (where there is nothing in a communication to suggest that the communication "contained privileged information or was a communication of information, confidential or not, for use by counsel," such information was not protected); *Osterneck v. E.T. Barwick Indus.*, 82 F.R.D. 81, 86 (N. D. Ga. 1979) (substantive communications between an attorney and client "concerned with drafting or preparing patent specifications, or patentability of an invention, or any other such technical work" are not privileged."). These cases align with Florida law. *See, e.g., Universal City*, 230 F.R.D. at 697 (factual communications of, for example, reports of patent office filings are "not confidential communications and are not protected by the attorney-client privilege.").

Defendants' citation to out-of-circuit and out-of-state law in *In re Spalding Sports Worldwide*, provides no contradiction of Florida law. *See* 203 F.3d 800, 805 (Fed. Cir. 2000). In that case, the Court declined to issue a general rule that invention records submitted to an attorney are automatically protected by the attorney-client privilege. On the contrary, the Court held that "[w]hether the attorney-client privilege applies should be determined on a case-by-case basis." *Id.*

Considering the facts of that case alone, the Court found that where an *inventor* submitted his own invention record to counsel “primarily for the purpose of obtaining legal advice on patentability and legal services in preparing a patent application,” the communication was protected by the attorney-client privilege. *Id.* at 806.

In this particular case, Defendants assert that every communication in their Privilege Log involving Mr. Weaver, Mr. Morris, Myers Bigel, NK, and/or Jones Day was “exchanged for the purpose of securing legal services relating to, *inter alia*, ‘obtaining, maintaining, defending, and enforcing patents, patent rights, copyrights, trademark rights, trade secret rights [and] include, but are not limited to, execution of documents and assistance or cooperating in legal proceedings.’” [ECF No. 1432 at 7 (citing to Ex. C § Q.4.)] This language is cited directly from the consulting agreement entered into by IH and DRV on May 10, 2015. Yet that agreement, in and of itself, does not clarify that each of the communications on Defendants’ privilege log must be primarily legal in nature. The consulting agreement contains no language indicating that the every task included in the scope of the work would be in furtherance of litigation aims or in anticipation of litigation. In fact, as discussed *supra*, the scope of the consulting agreement indicates that DRV’s primary duties were business duties.

In fact, Defendants previously withheld documents that were primarily business-related until the Court ordered that Defendants re-review their documents with the business-legal distinction in mind. *See* Order on Discovery Hearing Proceeding Conducted on February 9, 2017, ECF No. 146. Given Defendants’ blanket proposition that communications involving patents are privileged, and that every communication presently withheld relates to the purported “legal purpose” associated with DRV’s job duties, an *in camera* review of the documents is necessary to ensure that withheld communications are not primarily business communications.

II. Email Communications between Paul Morris and Dewey Weaver.

Curiously, Defendants have withheld more than 50 communications exclusively between Paul Morris and Dewey Weaver. Defendants describe certain of those entries as, for example, “[c]onfidential communication[s] with counsel reflecting and/or relating to legal advice and analysis regarding patent prosecution” or “[c]onfidential communication[s] with counsel reflecting and/or relating to legal advice and analysis regarding intellectual property strategy.” Yet these same entries do not indicate that any counsel was involved in the communication. Nor do Defendants indicate anywhere in their Privilege Log or memorandum of law that either DRV as a company, or Messrs. Weaver and/or Morris as individuals, are counsel; presumably, this is because they are not.

In the first instance, Defendants have not addressed for the Court how or why these communications are privileged under any theory. Moreover, it is altogether unclear how Defendants obtained these communications, which include no Industrial Heat employees, no Defendants, and no counsel. The only individuals on these communications, according to the Privilege Log, are Dewey Weaver and Paul Morris. Somehow, Defendants have withheld these communications under the guise of the attorney-client privilege.

The burden of establishing that these communications are privileged rests “with the party seeking the protecting of the privilege.” *Maplewood Partners, L.P. v. Indian Harbor Ins. Co.*, 295 F.R.D. 550, 584 (S.D. Fla. 2013). Defendants have not shown that either individual was “working under the direct supervision and control of the attorney.” *See Royal Bahamian*, 2010 U.S. Dist. LEXIS 101275, at *8-9. Nor have Defendants shown that these communications are in furtherance of any litigation aims. *See In re Int'l Oil Trading*, 548 B.R. at 833. Finally, Defendants have failed

to show how these communications are protected legal communications rather than business communications. *See Sun Capital Partners*, 2015 U.S. Dist. LEXIS 85715, at *13.

Defendants have not bothered to address these communications in their memorandum of law, and accordingly have not met their burden with respect to these communications.

III. Defendants' Assertion of the Work Product Doctrine.

The work product protections of Rule 26(b)(3) apply “only to documents prepared principally or exclusively to assist in anticipated or ongoing litigation.” *CSX Transp., Inc. v. Admiral Ins. Co.*, CASE NO. 93-132-Civ-J-10, 1995 U.S. Dist. LEXIS 22359, at *6 (M.D. Fla. July 20, 1995). Indeed, the work product must have been created primarily to prepare for and assist in the defense or prosecution of *an identifiable, specific lawsuit which is either pending or threatened*. *In re Hillsborough Holdings Corp.*, 132 B.R. 478, 481 (Bankr. M.D. Fla. 1991) (emphasis added). To the extent that Defendants have summarily withheld information contained in business-related communications under the guise of the attorney-client privilege or work product doctrine, Plaintiffs' are entitled to discovery of such information.

CONCLUSION

For the foregoing reasons, Plaintiffs respectfully request that the Court order Defendants to produce communications involving DRV, Dewey Weaver, Paul Morris, and any other DRV employee or conduct an *in camera* review of such emails to determine which communications are subject to the attorney-client privilege and which communications are not so subject.

Dated: February 23, 2017.

Respectfully submitted,

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CERTIFICATE OF SERVICE

I hereby certify that a true and correct copy of the foregoing was served by in the manner specified below on February 23, 2017 on all counsel or parties of record on the attached Service List.

/s/ John W. Annesser, Esquire

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