

**UNITED STATES DISTRICT COURT
FOR THE SOUTHERN DISTRICT OF FLORIDA
MIAMI DIVISION**

ANDREA ROSSI, et al.,)	
)	
Plaintiffs,)	
v.)	No. 16-cv-21199-CMA (JJO)
)	
THOMAS DARDEN, et al.,)	
)	
Defendants.)	
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**DEFENDANTS’ *AMENDED* APPEAL OF MAGISTRATE JUDGE O’SULLIVAN’S
RULING THAT ATTORNEY-CLIENT EMAILS INVOLVING DEEP RIVER
VENTURES ARE CATEGORICALLY UNPROTECTED BY THE PRIVILEGE
AND/OR THE WORK PRODUCT DOCTRINE**

Defendants hereby appeal from Magistrate Judge O’Sullivan’s March 14, 2017 order to the extent that it denies Defendants’/Counter-Plaintiffs’ Request to Have Communications with Deep River Ventures Be Protected by the Attorney-Client Privilege and Work Product Doctrine. [D.E. 143].

As grounds for his decision that email communications involving Deep River Ventures, LLC (“DRV”) are categorically unprotected by the attorney-client privilege or the work product doctrine, Magistrate Judge O’Sullivan made oral findings at the discovery hearing of the same date that DRV was not an agent of Industrial Heat for purposes of communications with counsel and that Defendants had not shown that the communications involving DRV and outside counsel were for legal purposes versus business purposes.

The Magistrate Judge’s decision ignored that there was a direct attorney client relationship between DRV and the law firms involved in most of the communications at issue (in which case whether DRV was operating as an agent for Industrial Heat was irrelevant) and that

the substance of the relationship between Industrial Heat and DRV was such that DRV could participate in legal communications without destroying the attorney client privilege. Moreover, the Magistrate Judge’s categorical elimination of the attorney-client privilege over approximately 500 emails was unjustified, particularly in the context where Plaintiffs had not challenged specific communications, but only asserted broad brush attacks on Defendants’ claims of privilege – attacks that Defendants addressed and rebutted in their submissions to the Judge.

BACKGROUND

Industrial Heat and its affiliates are involved in developing and investing in “low energy nuclear reaction” (“LENR”) technologies intended to provide clean, reliable, efficient, and safe sources of energy. Industrial Heat and its affiliates continue to work on such technologies, often in conjunction with inventors who initially discovered or developed different forms or applications of them.

In October of 2012, Industrial Heat entered an agreement with Plaintiffs Andrea Rossi and Leonardo Corporation to, among other things, use Plaintiffs’ intellectual property known as “Energy Catalyzer” or “E-Cat” technology. *See* Counterclaims and Third-Party Claims at ¶¶ 1-2, 32-36.

Consistent with its mission to invest in and develop LENR technologies, Industrial Heat thereafter engaged two law firms to serve as its legal counsel in intellectual property matters (not limited to intellectual property matters involving Plaintiffs): Myers Bigel and NK Patent Law. *See* Exh. A (attaching engagement letters).¹ The engagement letters for both firms specified that counsel was retained to *jointly* represent Industrial Heat *and* DRV, an entity that specializes in

¹ The total number of DRV communications withheld is 502. Plaintiffs did not dispute in their filings before the Magistrate Judge that Industrial Heat and DRV were joint clients of the law firm of Myers Bigel. If emails between DRV and Myers Bigel are excluded, the number of DRV communications remaining at issue is approximately 331.

helping companies create and protect patented inventions for use in the development of new products, services, markets and intellectual portfolios. *Id.*; *see also*

<http://deeprierverventures.com>. DRV had begun providing consulting services for Industrial Heat in May of 2013. The law firms were jointly engaged by Industrial Heat and DRV in August 2013 and February 2014, respectively. *See* Exh. A.

In May of 2015, Industrial Heat entered into a “Consulting, Confidentiality, Noncompetition and Inventions Agreement” (“Consulting Agreement”) with DRV. Under the terms of the Consulting Agreement, DRV agreed to perform the following Scope of Work:

maintaining relationships with inventors and others in the field commonly known as low energy nuclear reactions (the “Field”), 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 .

...

Consulting Agreement (attached as Exh. B) at § A.

The Consulting Agreement defined “Developments” as “any invention, discovery, idea, process, technique, know-how and data, improvement, technology, algorithms, trade secret, design, graphic, work of authorship, source, HTML and other code, computer program, audio, video or other files or content . . . that relates to the Field” *Id.* at § P. With respect to such intellectual property, DRV agreed in pertinent part:

to perform . . . *all acts deemed necessary or desirable by the Company to permit and assist it . . . in obtaining, maintaining, defending and enforcing patents, patent rights, copyrights, trademark rights, trade secret rights or any other rights in connection with such Developments Such acts may include, but are not limited to, execution of documents and assistance or cooperation in legal proceedings.* Consultant hereby irrevocably designates and appoints the Company and its duly authorized officers and agents, as Consultant’s agents and attorney-in-fact to act for and on its behalf and instead of it, to execute and file any documents, applications or related findings and to do all other lawfully permitted acts to further the purposes set forth in this subsection [], including . . . the perfection of

assignment and the prosecution and issuance of patents, patent applications, copyright applications and registrations, trademark applications and registrations or other rights in connection with such Developments and improvements thereto with the same legal force and effect as if executed by Consultant.

Id. at § Q.4 (emphasis added).

At a February 7, 2017 discovery hearing, Plaintiffs' counsel acknowledged the foregoing terms of the Consulting Agreement. He stated that "it is our understanding, through hearing testimony from Industrial Heat VP, that Deep River Ventures was retained for the purposes of helping them with their IP strategy. And perhaps acquiring additional IP related to the technology at issue and finding investors related to that." Feb. 7, 2017 Trans. at 22 (attached as Exh. C). Counsel also agreed that "some intellectual property related services may require DRV, or its contractors to review patents and other documents in order to render DRV services"

Id. at 23.

The Court nonetheless requested briefing on *first*, whether attorney-client communications are covered by the privilege if they involve so-called "business" advice versus legal advice in patent cases; and *second*, whether the inclusion of DRV on communications between Industrial Heat and its intellectual property counsel waived the privilege as to Industrial Heat. On the first issue, the Court provided counsel with two illustrative emails, one which it considered protected by the attorney-client privilege and one which it viewed as containing strictly business-related communications, and directed that documents similar to the second illustrative email be produced on or before February 16, 2017.

The parties fully briefed both questions. In that briefing, Plaintiffs made the following dispositive concessions:

- Plaintiffs did not dispute that there was an attorney-client relationship between DRV and the law firm of Myers Bigel. The only remaining dispute was whether there was an attorney-client relationship between DRV and NK Patent Law. Plaintiffs'

Opposition to Defendants' Memo. Re: Communications with DRV, at 3-4 [D.E. 153] ("Opp").

- Plaintiffs did not dispute that an attorney retainer letter identifies Industrial Heat and DRV as joint clients of the law firm of NK Patent Law. *Id.* at 4.
- Plaintiffs conceded that DRV's contract with Industrial Heat included assistance with intellectual property-related tasks, and they did not dispute that this could include legal proceedings (as stated in the contract itself). *Id.* at 5.
- Plaintiffs did not dispute Defendants' argument that the illustrative email which the Court identified as business-related (Bates No. IH-0004639) in fact is privileged.
- Plaintiffs did not attempt to make any showing of substantial need and undue hardship for purposes of obtaining attorney work product. *Id.* at 10.

On March 14, 2017, the Magistrate Judge nonetheless determined that Industrial Heat communications with counsel and DRV are categorically unprotected by the attorney-client privilege and that business-related communications involving counsel and DRV were not protected by the work product doctrine. As explained below, the Magistrate Judge's ruling is clearly erroneous or contrary to law.

DISCUSSION

Under Fed. R. Civ. P. 72(a), a district court must modify or vacate a magistrate judge's order to the extent that it "is clearly erroneous or is contrary to law." *In re O'Keeffe*, 184 F. Supp. 3d 1362, 1366 (S.D. Fla. 2016) (quoting Rule 72(a)). "An order is contrary to law when it fails to apply or misapplies relevant statutes, case law or rules of procedure." *Id.*²

Here, the Magistrate Judge failed to apply bedrock principles of attorney-client privilege law, and should therefore be reversed. Under the governing Florida statute, "[a] client has a

² "A finding is 'clearly erroneous' when although there is evidence to support it, the reviewing court on the entire evidence is left with the definite and firm conviction that a mistake has been committed." *In re O'Keeffe*, 184 F. Supp. 3d at 1366 (citing *Krys v. Lufthansa German Airlines*, 119 F.3d 1515, 1523 (11th Cir. 1997)).

privilege to refuse to disclose, and to prevent any other person from disclosing, the contents of confidential communications when such other person learned of the communications because they were made in the *rendition of legal services to the client.*” *Genovese v. Provident Life and Accident Ins. Co.*, 74 So.3d 1064, 1067 (Fla. 2011) (quoting Fla. Stat. § 90.502(2)) (emphasis added).³ “A ‘client’ is any person, public officer, corporation, association, or other organization or entity . . . who consults a lawyer with the purpose of obtaining legal services or who is rendered legal services by a lawyer.” Fla. Stat. § 90.502(1)(b). DRV retained both law firms jointly with Industrial Heat for the purpose of obtaining legal services. Both law firms rendered legal services for DRV. Because the DRV and NK Patent Law had an attorney-client relationship, their emails are privileged. The Magistrate Judge’s failure to acknowledge this primary relationship was clear error and contrary to law, and should be reversed.

I. Patent Counsel Was Expressly Retained To Provide Joint Representation To Industrial Heat And DRV, So The Attorney-Client Privilege Directly Protects Communications With DRV.

The issue for resolution in the instant appeal is very straightforward. DRV *was itself a client* jointly represented by Myers Bigel and NK Patent Law, along with Industrial Heat, yet its core privilege was ignored, and destroyed, by the ruling below. The attorney retainer letters expressly provided that both Industrial Heat and DRV are the clients of Myers Bigel and NK Patent Law, respectively, and that the representation is joint and dual. *See* Exh. A. The attorney-client privilege thus protects DRV’s communications with counsel directly, and waiver due to Industrial Heat involving a third party in an attorney-client communication is beside the point.

³ North Carolina law is in accord with Florida law on the attorney-client privilege. *See, e.g., Berens v. Berens*, 785 S.E.2d 733, 739 (N.C. 2016) (attorney-client communication still privileged where third party involved was “an agent of either party”) (internal quotation marks and citation omitted).

Notably, Plaintiffs do not dispute below that DRV's communications with Myers Bigel are privileged because there was a primary attorney-client relationship memorialized in an attorney retainer letter. As for the second law firm, NK Patent Law, Plaintiffs suggested that the absence of one signature on the "Agreement to Dual Representation" attached to Defendants' brief destroyed Defendants' privilege claim. Opp. at 3-4. In other words, Plaintiffs took the position that, although DRV was indisputably a client of Myers Bigel, it was not technically a "client" of NK Partners absent production of a fully executed retainer agreement.

Governing law says otherwise. To repeat, Florida law defines "client" as "any person . . . organization or entity, either public or private, who consults a lawyer with the purpose of obtaining legal services or who is rendered legal services by a lawyer." *Tyne v. Time Warner Ent'mt, Co.*, 212 F.R.D. 596, 598 (M.D. Fla. 2002) (citing Fla. Stat. § 90.502(1)(a)-(b)). This definition does not require a fully executed retainer agreement as a condition precedent to the creation of an attorney-client relationship. Indeed, such a technical mandate would frustrate purpose of the attorney-client privilege, which "is to encourage clients to communicate freely and open[ly] with their attorneys by removing the fear that their discussions will be subject to disclosure." *Automed Techs., Inc. v. Knapp Logistics & Automation, Inc.*, 382 F. Supp. 2d 1372, 1374 (N.D. Ga. 2005) (citing *United States v. Suarez*, 820 F.2d 1158 (11th Cir. 1987)).

Accordingly, Florida law firmly establishes that "'the existence of a formal retainer agreement is not essential' to finding an attorney-client relationship." *Jackson v. BellSouth Telecomms.*, 372 F.3d 1250, 1281 (11th Cir. 2004) (quoting *Eggers v. Eggers*, 776 So.2d 1096, 1099 (Fla. Dist. Ct. App. 2001)) (emphasis added). Rather, "[t]he test Florida courts have used to determine whether a lawyer-client relationship exists in the absence of a formal retainer 'is a subjective one and hinges upon the client's belief that he is consulting a lawyer in that capacity

and his *manifested intention* is to seek professional legal advice.” *Id.* (quoting *Bartholomew v. Bartholomew*, 611 So. 2d 85, 86 (Fla. Dist. Ct. App. 1992) (emphasis in original)). A client’s “subjective but reasonable belief” as to the existence of an attorney-client relationship begins “after a putative client has consulted with an attorney.” *Id.* at 1281-82.

This test was indisputably met here. NK Patent Law’s letter enclosing the Agreement to Dual Representation specifies that the attorney-client privilege applies to the firm’s “dual representation of [DRV] and Industrial Heat.” Exh. A. Clearly, the parties intended a joint representation, and if a joint representation existed, the attorney-client privilege applies. Furthermore, DRV submitted a declaration to the Magistrate Court attesting to its belief and manifested intention to enter an attorney-client relationship with NK Patent Law. Exh. D. Hence, inasmuch as Plaintiffs do not dispute that the privilege protects DRV’s communications with Myers Bigel, the privilege likewise applies as between NK Patent Law and DRV. *See Sun Capital Partners, Inc. v. Twin City Fire Ins. Co.*, No. 12-81397, 2015 WL 1860826, at *5 (April 22, 2015) (“[U]nder the ‘joint client’ doctrine, clients of the same attorney may share privileged communications with a co-client without waiving attorney-client privilege.”).⁴

⁴ Even assuming *arguendo* that DRV were not a direct client of Myers Bigel and NK Patent Law, Industrial Heat’s privilege protection would extend to attorney-client communications involving DRV. The privilege protects communications to third parties “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.*, 212 F.R.D. 596, 598-99 (M.D. Fla. 2002) (citing Fla. Stat. § 90.502(1)(c)). This exception to third-party waiver has been applied to communications between law firms and independent contractors. *See Royal Bahamian Assoc., Inc. v. QBE, Ins. Co.*, No. 10-21511-CIV, 2010 WL 3637958, at *3 (S.D. Fla. Sept. 20, 2010) (extending privilege to a “contractor retained by a partnership to help it develop real estate”).

II. The Hearing Before the Magistrate Judge was Not to Address Privilege Assertions on a Document-By-Document Basis.

The Magistrate Judge ruled that Defendants did not satisfy their burden of proving that each and every communication involving Deep River Ventures, for which Defendants asserted the attorney-client privilege or work product doctrine, was actually privileged or work product. But Defendants were not ordered to brief this issue on a document-by-document basis such that it could effectively satisfy such a burden. Instead, Defendants were ordered to brief the question of whether Deep River Ventures' inclusion in otherwise-privileged communications, in any context, constituted a privilege waiver:

Counsel for Defendants: Just to understand Your Honor's ruling, then, I think part of the issue is that they're arguing that Dewey Weaver in any context whatsoever in Deep River Ventures could not be involved in communications –

The Court: I guess you are going to have to brief that because I do not know what that is off the top of my head.

Exh. E at 42. Generally, application of the attorney-client privilege or work product doctrine is determined on a document-by-document basis. Defendants have not been able to fully argue their privilege claims below because Plaintiffs indiscriminately challenged the documents en masse. *See In re Denture Prods. Liab. Litig.*, No. 09-2051-MD, 2012 WL 5057844, at *13 (S.D. Fla. Oct. 18, 2012) (rejecting "Plaintiffs' wholesale approach to concluding that certain documents withheld . . . are not privileged"); *Capital One Bank Credit Card Interest Rate Litig.*, 286 F.R.D. 676, 681-82 (N.D. Ga. 2012). Defendants should not be expected to satisfy a document-by-document burden when the issue was not raised on a document-by-document basis.

III. The Inclusion Of “Business” Information In Attorney-Client Communications Involving Intellectual Property Does Not Negate The Attorney-Client Privilege.

To the extent that the Magistrate Judge concluded that Industrial Heat’s communications with counsel that also involved DRV – or that its communications directly with DRV that were listed as privilege because they reflected or repeated advice from lawyers – were not privileged because the Industrial Heat-DRV relationship was primarily a business relationship, that conclusion was erroneous as a matter of law.

To reiterate, under Florida law, confidential communications between lawyer and client are privileged if ““they were made in the rendition of legal services to the client.”” *Genovese*, 74 So.3d at 1067 (quoting Fla. Stat. § 90.502(2)). At the Magistrate Judge’s direction, undersigned counsel re-reviewed all the documents involving DRV that were withheld on privilege grounds (most of which also included outside lawyers in the communications) to confirm that they involved the rendition of legal services, such as provision of legal advice. Moreover, Defendants offered repeatedly to submit *in camera* any specific communications to which Plaintiffs might pose a specific objection based on the detailed privilege log. Rather than engage in a communication-by-communication review based on specific communications challenged by Plaintiffs to ensure that the privilege is not unduly invaded, the Magistrate Judge made a sweeping ruling that *anything* copying DRV is not privileged. This approach to over 500 communications for which Defendants asserted the attorney-client privilege was inescapably over-inclusive, at best. A more measured and targeted approach was required to avoid unnecessarily invading the attorney-client privilege.

Moreover, a categorical approach that communications are either business or legal that the Magistrate Judge apparently envisioned is not consistent with governing Florida law. In all circumstances, the attorney-client privilege must be construed with its purpose in mind, which

again “is to encourage clients to communicate freely and open[ly] with their attorneys by removing the fear that their discussions will be subject to disclosure.” *Automed Techs., Inc.*, 382 F. Supp. 2d at 1374; *see also Upjohn Co. v. United States*, 449 U.S. 383, 390 (1981) (stating that the privilege “exists to protect not only the giving of professional advice to those who can act on it but also the giving of information to the lawyer to enable him to give sound and informed advice”).

Courts have accordingly held in patent cases that even highly technical communications known as “invention record[s]” are “privileged communication[s], so long as [they are] provided to an attorney for the purpose of securing primarily legal opinion, or legal services, or assistance in a legal proceeding.” *In re Spalding Sports Worldwide, Inc.*, 203 F.3d 800, 805 (Fed. Cir. 2000) (internal quotation marks omitted). The fact that patent attorneys routinely work with technical data does not undermine the privilege, unless “the attorney is merely serving as a conduit for factual information.” *Burlington Indus., Inc. v. Rossville Yarn, Inc.*, No. CIV.A.495-CV-0401-H, 1997 WL 404319, at *2 (June 3, 1997).

The Federal Circuit’s opinion in *In re Spalding Sports Worldwide, Inc.* is especially instructive. In that case, two inventors of a polyurethane basketball cover submitted an invention record to Spalding’s corporate legal department to facilitate assignment of the patent to Spalding. When Spalding later sued Wilson Sporting Goods Co. for patent infringement, Wilson sought production of the invention record, claiming it was not privileged because “there was no evidence that [Spalding’s] patent committee ‘acted as a lawyer’ by rendering *legal* advice, as opposed to making *business* decisions.” *In re Spalding Sports Worldwide, Inc.*, 203 F.3d at 805 (emphasis in original). In the alternative, Wilson argued that “the section that lists prior art should nevertheless be disclosed, because it does not ask for legal advice.” *Id.*

The court disagreed, reasoning that the invention record was submitted “to Spalding’s corporate *legal* department . . . for the purpose of making patentability determinations.” *Id.* (emphasis in original) (internal quotation marks omitted). The court also rejected Wilson’s alternative request for a redacted version of the document containing prior art, concluding that “[i]t is enough that the overall tenor of the document indicates that it is a request for legal advice or services.” *Id.* at 806. The court explained:

[R]equests for legal advice on patentability or for legal services in preparing a patent application necessarily require the evaluation of technical information such as prior art. . . . If an attorney-client communication could be discovered if it obtained information known to others, then it would be the rare communication that would be protected and, in turn, it would be the rare client who would freely communicate to an attorney.

Id. (internal quotation marks omitted). Thus, the inevitable exchange of technical data with attorneys does not excise patent-related communications from the scope of the attorney-client privilege. The animating policy behind the privilege—the encouragement of candid discussions to enable attorneys to offer informed legal advice—supports this conclusion. If the “overall tenor” of the communication is legal in nature, the inclusion of business-related data, information or discussions does not render the attorney-client privilege inapplicable. *Id.*

Here, attorney-client emails involving DRV warrant the same realistic approach that the Federal Circuit modeled in *In re Spalding Sports Worldwide*.⁵ Indeed, per that court’s reasoning,

⁵ Optimally, application of the privilege is determined on a document-by-document basis. Defendants have not been able to fully argue its privilege claims below, as the Magistrate Judge ordered bulk briefing of—and issued a sweeping decision on—privilege claims *en masse*. See *In re Denture Prods. Liab. Litig.*, No. 09-2051-MD, 2012 WL 5057844, at *13 (S.D. Fla. Oct. 18, 2012) (rejecting “Plaintiffs’ wholesale approach to concluding that certain documents withheld . . . are not privileged”). The absence of a meaningful structure within which to address disputes regarding privilege encouraged the sort of free-for-all that has, unfortunately, marked the litigation of privilege issues thus far in this case.

the email that the Magistrate Judge identified as illustrative of a business communication is itself covered by the privilege. The email was sent by counsel to other lawyers and representatives of both client entities, Industrial Heat and DRV. It summarized a meeting at which issues relating to prior art and potential intellectual property were discussed and strategized, among other things. Per the Consulting Agreement, the emails were 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 cooperation in legal proceedings.” Exh. B at § Q.4. These legal objectives cannot be achieved without attorney access to and dialogue about technical and business-related information. *See In re Spalding Sports Worldwide*, 203 F.3d at 806. Thus, the privilege protects email communications between representatives of Industrial Heat, DRV and/or their patent attorneys in this case. Indeed, in their opposition brief before the Magistrate Judge, Plaintiffs did not dispute that the illustrative “business” email is, in fact, protected by the attorney-client privilege.

In sum, to the extent the Magistrate Judge applied a blanket factual presumption that communications involving DRV necessarily were primarily for business purposes (even if counsel was also involved in the communications), thereby categorically exposing approximately 500 communications for which Defendants claimed privilege to discovery, that was a clear error. Rather, the required analysis would have required – as to specific communications challenged by Plaintiffs – a consideration of whether “the primary purpose of [each] communication in question was for the purpose of obtaining legal advice.” *Preferred Care Partners Holding Corp. v. Humana, Inc.*, 258 F.R.D. 684, 689 (S.D. Fla. 2009). Here, Plaintiffs did not dispute that the Consulting Agreement between Industrial Heat and DRV provided “that DRV would assist IH

with certain patent-related tasks or assist with legal proceedings.” Opp. at 6. In assuming without *in camera* review that, notwithstanding its express contractual role, DRV’s involvement in communications involving Industrial Heat and outside intellectual property counsel could not be privileged, the Magistrate Judge erred.

IV. Even If The Attorney Retainer Letters Did Not Designate DRV A Joint Client With Industrial Heat, DRV Is An Agent Of Industrial Heat On Patent Issues, So Its Attorney-Client Communications Are Protected By The Privilege.

As explained above, DRV is a dual client of Industrial Heat’s patent counsel, so its attorney-client communications are privileged, and the Magistrate Judge erred as a matter of law in entertaining the question of third party waiver. But even absent a primary attorney-client relationship, under Florida law the attorney-client privilege *protects* communications to third parties “to whom disclosure is in furtherance of the rendition of legal services, or those reasonably necessary for the transmission of the communication.” *Tyne*, 212 F.R.D. at 598-99 (citing Fla. Stat. § 90.502(1)(c)). This exception to third-party waiver encompasses communications with “agents and subordinates working under the direct supervision and control of the attorney.” *Royal Bahamian Assoc., Inc. v. QBE, Ins. Co.*, No. 10-21511-CIV, 2010 WL 3637958, at *3 (S.D. Fla. Sept. 20, 2010).⁶ If waiver were even a question here (which it is not), this exception would apply.

Relying on *In re Beiter Co.*, 16 F.3d 929 (8th Cir. 1994), the court in *Farmaceutisk Laboratorium Ferring A/S v. Reid Rowell, Inc.*, 854 F. Supp. 1273, 1274 (N.D. Ga. 1994), thus determined that “a third party” was “an agent . . . for purposes of conversations with . . . counsel[,] and that where such conversations were for the purposes of seeking legal advice, they

⁶ In addition to the agency exception to third party waiver, “disclosure to . . . individuals who have a common legal interest does not constitute a waiver of privilege.” *Tyne*, 212 F.R.D. at 600.

are protected” in a patent case.⁷ In *In re Beiter Co.*, a contractor was retained by a real estate developer to provide guidance regarding commercial development in Minnesota. Although the contract “made clear that [the third party] was an independent contractor, and that he was expressly not an agent, employee or partner of [the company],” the contractor regularly met with the company’s attorneys and received direct communications from them. *Id.* at 933-34. The court held that the contractor’s conversations were privileged, reasoning that “when applying the attorney-client privilege to a corporation or partnership, it is inappropriate to distinguish between those on the client’s payroll and those who are instead, and for whatever reason, employed as independent contractors.” *Id.* at 937. The company “was formed with a single objective” and the contractor was “intimately involved in the attempt to meet that objective,” *id.* at 938; thus, the contractor was properly considered a company “insider” for purposes of the privilege, *id.* at 936.

For nearly four years, DRV has been intimately involved in Industrial Heat’s development of intellectual property—which is the very reason for the company’s founding in the first place. *See generally* Exh. B. The Consulting Agreement accordingly engages DRV to “identify[] investment and strategic partnership opportunities in the Field,” and “assist[] with overall business, intellectual property and commercialization strategy” *Id.* at § A. It goes on to designate Industrial Heat as DRV’s attorney-in-fact, and provides that DRV must perform

⁷ Other courts have similarly held that third party consultants in patent cases are covered by the privilege. *See In re Int’l Oil Trading Co., LLC*, 548 B.R. 825, 832-83 (Bankr. S.D. Fla. 2016) (citing with approval *Rembrandt Techs., LP v. Harris Corp.*, No. 07C-09-059-JRS, 2009 WL 402332 (Del. Super. Ct. 2009), in which the court concluded that the “attorney-client privilege protected communications among a patent holder, his attorney, and a patent enforcement consultant,” as well as *Walker Digital, LLC v. Google, Inc.*, No. 11-309-SLR, 2013 WL 9600775 (D. Del. 2013), in which the court identified a “‘common legal interest’ between client and patent monetization consultant”).

“all acts deemed necessary or desirable by the Company to permit and assist it . . . in obtaining, maintaining, defending and enforcing patents,” including by “assistance or cooperation in legal proceedings.” *Id.* § Q.4.

One can scarcely imagine contractual language more sweeping in terms of tasking DRV with the objectives of Industrial Heat. DRV’s enmeshment with Industrial Heat’s intellectual property mission is particularly stark in light of the decision to *jointly* hire patent counsel. Unquestionably, therefore, that the representatives of Industrial Heat and DRV, as well as their lawyers, believed that their communications were privileged. *See In re Int’l Oil Trading Co., LLC*, 548 B.R. 825, 832 (Bankr. S.D. Fla. 2016) (observing that a “reasonable expectation of confidentiality” is an “essential element” of waiver analysis). It would be contrary to the very spirit of the attorney-client privilege to nonetheless strip such communications of the privilege by virtue of Plaintiffs’ initiation of this lawsuit.

The Magistrate Judge credited language in the Consulting Agreement that limits Industrial Heat’s liability for acts of DRV as an “agent” of Industrial Heat. *See* Exh. B at ¶ D (stating that “Consultant shall not be deemed an employee, partner, agent of or joint venture with Company or any of its affiliates for any purpose”). But such language in the independent contractor agreement between DRV and Industrial Heat has no bearing whatsoever on DRV’s direct attorney-client relationship with Myers Bigel and NK Patent Law under the attorney retainer letters. Moreover, Plaintiffs cited no authority below for the proposition that the term “agent” in a contract overrides all other elements of Florida attorney-client privilege law relating to third party waiver. Indeed, in *In re Beiter Co.*, the contract “made clear that [the third party] *was expressly not an agent, employee or partner of [the company],*” yet the court found that the privilege applied. 16 F.3d at 933-34 (emphasis added). The Magistrate Judge’s failure to

recognize that isolated language in the Consulting Agreement could not fundamental change the role of DRV such as to destroy an attorney-client privilege that otherwise existed was reversible error.

V. The Magistrate Judge Erred In Ignoring The Attorney Work Product Contained In The Subject Emails.

Plaintiffs also requested that Defendants be ordered to produce communications involving DRV withheld under the work-product doctrine “[t]o the extent that Defendants have summarily withheld information contained in business-related communications under the guise of the . . . work product doctrine.” Opp. at 10. But the test for work product is not whether a communication is business-related. Under Fed. R. Civ. P. 26(b)(3), “documents prepared in anticipation of litigation are not subject to discovery, unless there is a substantial need shown and the party seeking to discover the information cannot acquire it elsewhere without undue hardship.” *In re Int’l Oil Trading Co.*, 548 B.R. at 835. Even assuming arguendo that Plaintiffs were able to demonstrate both substantial need and undue hardship, they cannot obtain discovery of “mental impressions, conclusions, opinions, or legal theories of a party’s attorney or other representative concerning the litigation.” Fed. R. Civ. P. 26(b)(3). Similar protections exist under Florida law. *In re Int’l Oil Trading Co.*, 548 B.R. at 835 (citing Fla. R. Civ. P. 1.280(b)(4)) (observing that “opinion work product enjoys a nearly absolute immunity and can be discovered only in very rare and extraordinary circumstances”) (internal quotation marks omitted).

Plaintiffs merely asserted below that “[t]o the extent that Defendants have summarily withheld information contained in business-related communications under the guise of the . . . work product doctrine, Plaintiffs’ are entitled to discovery of such information.” Opp. at 10. This generic statement is insufficient to demonstrate substantial need and undue hardship under

Fed. R. Civ. P. 26(b)(3). Nor did Plaintiffs dispute that they cannot obtain discovery of “mental impressions, conclusions, opinions, or legal theories of a party’s attorney or other representative concerning the litigation.” *Id.* Moreover, litigation can have a significant impact on a party’s business operations, so limiting work product protection to those communications that are not “business-related” at all would greatly impair the work product protection. Accordingly, the Magistrate Judge ordering that work product protected communications be produced simply if they involved “business-related communications” was in contradiction of Rule 26(b)(3) and clearly erroneous.

CONCLUSION

For the foregoing reasons, Defendants respectfully request that the Court reverse the Magistrate Judge’s March 14, 2017 ruling as to DRV-related communications.

Dated: March 20, 2017

Respectfully submitted,

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CERTIFICATE OF SERVICE

I HEREBY CERTIFY that on March 20, 2017, I electronically filed the foregoing with the Clerk of the Court by using the CM/ECF system which will send a notice of electronic filing to all counsel or parties of record.

/s/ Christopher R.J. Pace

Christopher R.J. Pace