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IN THE
Supreme Court of the United States

IN RE GRAND JURY

ON A WRIT OF CERTIORARI TO
THE UNITED STATES COURT OF APPEALS
FOR THE NINTH CIRCUIT

BRIEF OF AMICUS CURIAE NEW YORK INTELLECTUAL PROPERTY LAW ASSOCIATION IN SUPPORT OF NEITHER PARTY

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INTEREST OF *AMICUS CURIAE* [1]

The New York Intellectual Property Law Association ("NYIPLA") is a bar association of attorneys who practice in the area of patent, copyright, trademark, trade secret, and other intellectual property ("IP") law. [2] It is one of the largest regional IP bar associations in the United States. Its members include in-house counsel for businesses and non-profit organizations and private attorneys who represent both IP owners and their adversaries (many of whom also own IP). Its members represent inventors, entrepreneurs, businesses, universities, and industry and trade associations. Many of its members are involved in research, patenting, financing, and other commercial activity across industries.

The NYIPLA's members and their clients regularly participate in IP litigation on behalf of both plaintiffs and defendants in federal court and in proceedings before the United States Patent and Trademark Office. The NYIPLA's members and their clients actively engage in commercial transactions involving IP, including licensing, asset valuation, and asset transfers. In litigation, procurement, and

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[1] Pursuant to Supreme Court Rule 37.6, the NYIPLA and its counsel represent that they have authored the entirety of this brief, and that no person other than the *amicus curiae* or its counsel has made a monetary contribution to the preparation or submission of this brief.

[2] Pursuant to Supreme Court Rule 37.3(a), both Petitioner and Respondent have each consented to the NYIPLA filing this *amicus curiae* brief in support of neither party's position on the merits.

acquisition, the NYIPLA's members and their clients routinely engage in dual-purpose communications, providing or obtaining legal and nonlegal advice. Indeed, many of the NYIPLA's members not only have legal knowledge but also technical and business expertise in the relevant field of the IP, and their clients rely on being able to obtain both legal and nonlegal advice. Thus, the NYIPLA brings an informed perspective to the issues presented.

The NYIPLA's members have a strong interest in this case because their activities depend on the ability to provide legal and nonlegal advice. The NYIPLA has a significant interest in ensuring that dual-purpose communications, where obtaining or providing legal advice is one of the significant purposes of the communication, are protected by the attorney-client privilege. The divide between courts of appeals as to the proper test for determining whether dual-purpose communications are privileged creates uncertainty. An unpredictable standard for privilege that only protects communications where the predominant purpose of the communications was determined to be legal advice *post hoc* chills frank communications between counsel and clients, impedes the ability to advise effectively, and drives up costs for clients. A clear, uniform, and predictable privilege standard is essential for the NYIPLA's members and their clients to operate effectively and efficiently.[3]

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[3] The arguments made in this brief were approved by an absolute majority of the NYIPLA's officers and members of its Board of Directors, but do not necessarily reflect the views of a majority of the members of the Association, or of the law or corporate firms with which those members are associated. After reasonable investigation, the NYIPLA believes that no officer or director or

SUMMARY OF THE ARGUMENT

A modern lawyer's "duty to society as well as to his client involves many relevant social, economic, political, and philosophical considerations." 1 Paul R. Rice, *Attorney-Client Privilege in the United States*, § 7:4 (2021-2022 ed. 2021) (quoting *United States* v. *United Shoe Mach. Corp.*, 89 F. Supp. 357, 359 (D. Mass. 1950)). Indeed, as a result of an "increasingly complex regulatory landscape, attorneys often wear dual hats," advising clients on both legal and business matters. Pet. App. 1a. The need to advise clients on more than the law is especially prevalent for IP.

IP lawyers are often experts in both the law and in the relevant field of the IP. They have invested a significant amount of time and effort gaining expertise in a nonlegal field—including obtaining advanced degrees—in order to better serve their clients. Their clients, in turn, rely on their lawyer's legal and nonlegal expertise to make decisions regarding IP. Indeed, it is not unusual for IP lawyers and their clients to have multi-year attorney-client relationships where first-hand knowledge of the evolution of the client's IP informs the context of the representation and allows lawyers to efficiently provide legal advice to the client.

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member of the Amicus Briefs Committee who voted in favor of filing this brief, nor any attorney associated with any such officer, director or committee member in any law or corporate firm, represents a party to this litigation. Some officers, directors, committee members or associated attorneys may represent entities, including other *amici curiae*, which have an interest in other matters that may be affected by the outcome of this litigation.

For clients to receive effective, high-quality advice, they must provide a full and frank disclosure to their attorney, and they will do so only if their communications are protected. Currently, the courts of appeals are divided on what test to apply to determine if a confidential communication which has legal and nonlegal elements is protected by the attorney-client privilege. One side of the divide applies a rule which protects a dual-purpose communication if a significant purpose of the communication is to obtain or provide legal advice. The other, including the court below, protects communications only if a court later determines that obtaining or providing legal advice was the predominant purpose behind the communication.

This Court should adopt the former rule, and hold that as long as obtaining and providing legal advice is a significant purpose of the communication, it is protected by the attorney-client privilege. [4] Because clients can predictably apply this rule, it will allow them to fully communicate all of the relevant facts to their attorney. Their lawyers can then provide advice as to the legal and business aspects of the IP activity or commercial transaction.

The alternative, a rule which requires courts to balance the legal and nonlegal aspects of a communication to determine its predominant purpose, hamstrings IP attorneys and clients. It is

[4] The NYIPLA takes no position on whether the communications at issue in this case are privileged. Its position is only that this Court should hold that if a significant purpose of a confidential communication between a client and a lawyer was to obtain or provide legal advice, then the communication is protected by the attorney-client privilege.

unpredictable, relying on a *post hoc*, "inherently impossible" examination into the subjective motivations of the client or lawyer. *In re Kellogg Brown & Root*, 756 F.3d 754, 759 (D.C. Cir. 2014). The application of this test to the attorney-client privilege will chill communications between clients and their lawyers, drive up the costs associated with IP representation, and harm innovation.

Applying the privilege differently across various legal contexts, as the court below and the United States suggest, would have the same effect as applying an under-protective rule. For the privilege to fulfill its purposes, lawyers and their clients must be able to predict its application; changing how the privilege applies in different contexts would create unacceptable uncertainty. Therefore, this Court should hold that any dual-purpose communication is protected by the attorney-client privilege if obtaining or providing legal advice is a significant purpose behind the communication.

ARGUMENT

I. A Confidential Communication Between a Lawyer and Client Should Be Privileged if Obtaining or Providing Legal Advice Is a Significant Purpose of the Communication

A claim of privilege is governed by the "common law—as interpreted by United States courts in the light of reason and experience." Fed. R. Evid. 501. The attorney-client privilege is the oldest and possibly most venerated of the privileges known at common law. *Upjohn Co.* v. *United States*, 449 U.S. 383, 389

(1981). To lawyers, confidentiality is crucial: it allows clients to make "'full and frank' disclosures to their attorneys, who are then better able to provide candid advice and effective representation." *Mohawk Indus., Inc.* v. *Carpenter*, 558 U.S. 100, 108 (2009) (quoting *Upjohn*, 449 U.S. at 389). As such, the scope of the privilege shapes the conduct of both lawyers and laypeople. *Swidler & Berlin* v. *United States*, 524 U.S. 399, 403 (1998) (observing that if the privilege did not survive the death of the client, clients may withhold information from their attorneys).

"[I]f the purpose of the attorney-client privilege is to be served, the attorney and client must be able to predict with some degree of certainty whether particular discussions will be protected." *Upjohn*, 449 U.S. at 393. The courts of appeals, however, have splintered when it comes to the proper test to apply to communications that contain legal and nonlegal aspects. The Ninth Circuit has joined other courts of appeals, such as the Second Circuit, which have held that a confidential communication is privileged only if obtaining or providing legal advice is "*the* predominant purpose of the disputed communications." Pet. App. 12a; *see*, *e.g.*, *In re Cnty. of Erie*, 473 F.3d 413, 420 (2d Cir. 2007) (defining a communication as protected if "the predominant purpose of the communication is to render or solicit legal advice").

The D.C. Circuit, however, applies a different test: in an opinion authored by then-Judge Kavanaugh, the D.C. Circuit held that a communication is privileged as long as "obtaining or providing legal advice was *one of* the significant purposes" of the communication. *In re Kellogg Brown*

& Root, 756 F.3d 754, 759 (D.C. Cir. 2014) (emphasis added).

This divide is especially troubling for the NYIPLA because the Federal Circuit, where IP disputes are frequently adjudicated on appeal, occasionally applies the privilege law of a different circuit, but, if the privilege implicates "substantive patent law," it applies its own law and protects only communications that were made "primarily for the purpose of providing legal advice."[5] *In re Spalding Sports Worldwide, Inc.*, 203 F.3d 800, 803, 806 (Fed. Cir. 2000).

The D.C. Circuit's significant-purpose test provides clarity and predictability that the alternative predominant-purpose test does not. As then-Judge Kavanaugh explained, limiting the court's inquiry to determining whether obtaining or providing legal advice was a significant purpose of the communication is "clearer, more precise, and more predictable" than attempting to divine the predominant-purpose of the communication. *Kellogg*, 756 F.3d at 760. The significant-purpose test allows for frank discussion between clients and their attorneys, can be predictably applied by judges and lawyers, and is easily understood by laypeople. As such, it best fulfills the purposes of the attorney-client privilege.

The predominant-purpose test, by contrast, injects substantial uncertainty and unpredictability into an area of law that must be clear. A lawyer or client engaged in a dual-purpose communication must

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[5] *Spalding Sports Worldwide*, 203 F.3d at 803 ("[O]ur own law applies to the issue whether the attorney-client privilege applies to an invention record . . . relating to a litigated patent.").

speculate whether a judge will view the communication as having one predominant purpose even if it was made for two reasons. Not only is such a test unpredictable, it can be impossible to apply: "trying to find the one primary purpose for a communication motivated by two sometimes overlapping purposes . . . can be an inherently impossible task." *Kellogg*, 756 F.3d at 759. Since lawyers and clients can only guess how a court will apply this impossible test, clients will, therefore, self-regulate, chilling their speech and impeding effective representation. It is therefore critical that this Court reject the predominant-purpose test in favor of a significant-purpose test to safeguard the attorney-client privilege.

II. The Significant-Purpose Test Should Apply in All Contexts

The significant-purpose test should apply to all areas of the law uniformly. The Ninth Circuit recognized that the D.C. Circuit protected communications if a significant purpose was to render or solicit legal advice, but chose to apply the predominant-purpose test rather than the D.C. Circuit's reasoning in *Kellogg*. Pet. App. 10a–11a. In doing so, the Ninth Circuit attempted to limit *Kellogg* to its facts: "*Kellogg* dealt with the very specific context of corporate internal investigations, and its reasoning does not apply with equal force in the tax context." Pet. App. 11a. Similarly, the United States stated that there is no accountant-client privilege and that tax documents assist the Internal Revenue Service ("IRS") in its enforcement of the Tax Code.

Opp. at 7–8. However, the Ninth Circuit's treatment of the tax context as *sui generis* has no support.

The Ninth Circuit cited no authority for the proposition that the attorney-client privilege applies differently in tax matters, and this Court has already rejected a similar invitation to vary how the privilege applies based on its "context." *Swidler*, 524 U.S. at 408–09 ("[T]here is no case authority for the proposition that the privilege applies differently in criminal and civil cases."). Additionally, while tax-related documents may be important to the enforcement of the Tax Code, this Court has held that the privilege is not contingent on the alleged necessity of the information at issue. *Id.* at 409 ("Balancing *ex post* the importance of the information against client interests . . . introduces substantial uncertainty into the privilege's application. For just that reason, we have rejected use of a balancing test in defining the contours of the privilege."). Thus, while tax documents may be helpful to the IRS, that is no reason to apply a predominant-purpose test.

Furthermore, the test employed by the Ninth Circuit is not limited to tax cases and is applied by other courts of appeals in other contexts, including IP. *See, e.g., Cnty. of Erie*, 473 F.3d at 420 (applying test to communications made by government attorneys); *Spalding Sports Worldwide*, 203 F.3d at 804 (applying test in a patent case). Nor is *Kellogg*, by its own terms, limited to internal investigations and not generally applicable.

A distinction as to how the privilege applies in different areas of law is impractical. Attorneys are not statically practitioners of tax, IP, corporate, or

criminal law. This is especially true for in-house and general counsel who advise their clients on a vast array of matters. *See generally* Deborah A. DeMott, *The Discrete Roles of General Counsel*, 75 Fordham L. Rev. 955, 967–68 (2005); Doug Gallagher & Manasi Raveendran, *Attorney-Client Privilege for In-House Counsel*, Landslide (Nov.–Dec. 2017), https://perma.cc/XDA5-UE4Z. And, as is discussed further below, any matter in our increasingly complex commercial environment often implicates a number of different areas of law.

Moreover, the Ninth Circuit's unworkable complication of the privilege is contrary to this Court's recognition that laypeople must be able to predict whether their communication will be privileged. *Upjohn*, 449 U.S. at 393. When a layperson seeks advice, it is unrealistic to assume that the layperson would know into which category, business or legal, the advice falls. *See Swidler*, 524 U.S. at 409 ("[A] client may not know at the time he discloses information to his attorney whether it will later be relevant to a civil or a criminal matter . . .."). In fact, *even a lawyer* may not know how to categorize a matter until the client discloses all of the pertinent information. If the privilege's application changes based on its context, there will be substantial unpredictability as to whether any disclosure would be protected until after it is completed, far too late for a client who would not want to disclose unprotected information.

Therefore, the Court should adopt a significant-purpose test for privilege for all areas of law, including IP. In every field, lawyers and clients need to know how the privilege will apply, and that can occur only if the privilege is consistently and uniformly applied.

III. Applying the Significant-Purpose Test Permits IP Attorneys to Effectively and Efficiently Advise Their Clients on Fundamental Decisions

IP lawyers routinely engage in dual-purpose communications. Patent lawyers, for example, are often not only experts in the law but also experts in a particular scientific or technological field. As one leading treatise recognizes, this dual expertise can create thorny issues of privilege, but "[w]here a lawyer possesses multifarious talents, his clients should not be deprived of the attorney-client privilege." 1 Paul R. Rice, *Attorney Client Privilege in the United States* § 7:6 (2021-2022 ed. 2021) (quoting *Chore-Time Equip., Inc.* v. *Big Dutchman, Inc.*, 225 F. Supp. 1020, 1023 (W.D. Mich. 1966)). Clients, in fact, seek out and rely on a patent lawyer's dual expertise. Such dual expertise allows patent attorneys to provide valuable insight into the commercial side of an IP matter or transaction, which will necessarily affect their legal advice.

There are numerous and varied examples that illustrate just how often IP lawyers "wear dual hats." Consider, for example, a foundational decision for any attorney that helps clients secure patents for their inventions: whether to advise a client to file for a patent.[6] To effectively advise on this decision, the

[6] Not only is this decision foundational, it is common. In 2020, the United States Patent and Trademark Office received 646,244 applications for a patent. United States Patent & Trademark Office, *U.S. Patent Statistics Chart Calendar Years 1963 – 2020*, https://perma.cc/KE23-W3CA, (last visited Nov. 5, 2022).

lawyer must exercise both business and legal judgment. The lawyer would first have to assess whether the invention is patentable. Then, the lawyer would have to advise as to the scope of protection that might be obtained and how powerful that protection may be in securing exclusive rights among competitors in the relevant market. But even if there is an invention to patent, the client may be better served by protecting the idea as a trade secret. Focusing on the latter decision, the lawyer has to advise on the relative protections that patent and trade-secret law confer. Additionally, to conclude which would better suit the needs of the client, the lawyer may assess the competition and other business considerations. Depending on the value of the IP and the ability to discover it, trade secret protection may be ill-suited to the client's needs. A trade secret may also be infeasible as to some subject matter, so the lawyer must advise on methods for maintaining a trade secret. Finally, the lawyer must consider the possible longevity of an idea: certain ideas that will be valuable far beyond the expiration of a patent and cannot be otherwise discovered may be better off kept as a trade secret. *See* World Intellectual Property Organization, *A Secret from the Caribbean*, https://perma.cc/J6MH-MY6S, (last visited Nov. 14, 2022) (explaining how Angostura Limited has maintained a trade secret on its valuable bitters for over two centuries).

An IP lawyer must receive and consider business and commercial information in order to properly advise clients on these and other issues. But if this information were not privileged, and could be obtained by others from the lawyer at a later date, clients understandably may be unwilling to disclose

those facts. Instead, an unpredictable and under-protective rule—like the one adopted by the court below—may lead to excessive compartmentalization of information and hinder the free discussion of IP matters in dual-purpose communications. The client may need to relegate the lawyer to providing strictly legal advice and entrust the business information to another who applies the advice. Or instead of a company relying on in-house counsel—who is keenly aware of both the legal and business implications of filing a particular patent—it may turn to outside counsel to ensure any communication is "purely" legal. Maintaining a rigid and artificial separation between the business and legal aspects of, for example, whether to patent an invention or what the scope of the patent's claims should be would drive up the costs of these fundamental decisions and reduce the value of advice that any one lawyer could give. In short, the client will get less for more.

Similarly, attorneys engage in frequent dual-purpose communication when advising clients who wish to acquire IP. To make a recommendation as to whether to acquire the target IP, lawyers must, *inter alia*, analyze the possibility of litigation as to the target IP, the possibility that the target IP is not valid or enforceable for some reason, whether the IP is dominated by the IP of another, and what the holder has done so far to protect its IP. But besides these legal considerations, IP lawyers are asked to bring their nonlegal expertise to bear as to the value of the IP as well as the competitive landscape. In fact, any decision as to whether to acquire IP and at what price has numerous intertwined business considerations, including the potential value of the IP and the risk it poses. As such, the communications between the

client and the lawyer will often contain both legal and nonlegal elements.

This example also demonstrates the infeasibility of varying how the privilege applies across contexts. An IP lawyer is often called in to advise when a company is acquiring or merging with another company and the acquiring company wishes to use and maintain the target company's valuable IP. *See* Richard D. Harroch, *et al*, *13 Key Intellectual Property Issues In Mergers And Acquisitions*, Forbes (Mar. 17, 2016), https://perma.cc/D3F3-7MCJ. The transaction involves IP law and will involve communications in the IP context. But acquisition of IP also concerns corporate law. Further, acquiring IP will have tax consequences for the client. Thus, a communication which opines on the possible tax consequences could be considered a communication in the tax context. A lawyer, much less a layperson, could only guess as to which context a court would place this multi-faceted commercial transaction. And for good reason, just as it can be impossible to distill one purpose of a communication made for two purposes, to narrow such a transaction down to one legal context, when multiple areas of law are at issue, is infeasible. *Cf. Kellogg*, 756 F.3d at 759.

In such a complex transaction, applying the significant-purpose test consistently across all areas of law keeps the attorney-client privilege simple and predictable. Clients can share information and seek advice across various areas of law secure in the knowledge that any communication would be protected as long as seeking legal advice is a significant purpose behind the communication. Clients can also communicate all relevant information

to their attorneys, regardless of whether the information is conveyed for legal or nonlegal purposes. Attorneys, moreover, can provide advice which would bring all their expertise to bear. A clear and predictable test allows clients to efficiently and effectively complete the transaction.

Another illustrative example is the advice that IP lawyers provide in the launch of a new product. This decision to launch a product, of course, involves business judgment. Companies and individuals have to choose a time to launch the product and determine how to market it. *See* Joan Schneider & Julie Hall, *Why Most Product Launches Fail*, Harv. Bus. Rev. (Apr. 2011), https://perma.cc/CKW6-HCHN. But the individuals making the decision also require significant legal advice. Among other things, companies and individuals typically assess whether the product they are about to release is protected by some form of IP, which may mean applying for a patent, and the scope of that protection. They may have to know whether they have "freedom to operate," requiring an in-depth search of the IP that exists in the field and an analysis of the possibility that the new product infringes on any existing IP. *See* Andrew Bowler & Matt Raynor, *Freedom to Operate: A New Approach for 2021?*, 289 Managing Intell. Prop. 31 (2021).

Communications as to when and how to launch a product from clients to their attorneys will almost always be dual-purpose communications. The work of launching a product, thus, relies on robust protection of the attorney-client privilege that enables clients to freely disclose relevant information. A rule which undermines those expectations produces

inefficiencies, raising even more barriers and costs for individuals attempting to introduce new products into the market.

In addition to the illustrative examples above, there are many others where IP lawyers engage in dual-purpose communications, including whether to initiate or defend an IP litigation, and whether and how to settle an IP claim. A clear and predictable rule as to when the attorney-client privilege applies is important to clients in all these contexts.

IP rights are essential to innovation which drives the United States' economy. Inventors, researchers, universities, artists, and investors rely on their IP attorneys to effectively advise them. That representation relies on an attorney-client privilege that is certain, predictable, and protective for dual-purpose communications. The significant-purpose test fulfills these requirements.

CONCLUSION

For the foregoing reasons, the Court should adopt a significant-purpose test for dual-purpose communications and do so across all legal contexts.

November 17, 2022

Respectfully submitted,

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