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Ethics: Conflicts of Interest Issues in Patent Litigation

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ETHICS: CONFLICTS OF INTEREST
ISSUES IN PATENT LITIGATION

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INTRODUCTION

There are many ethical considerations when engaging in patent litigation. One common area of concern is conflicts of interest. These can arise at any stage of a patent litigation and, if not avoided, can have major consequences both for the firm and the client involved in the conflict.

To understand what conflicts to avoid, this Article looks at recent decisions in patent litigation cases where conflict of interest issues have been decided. The discussion is divided up as follows. In Part I, choice of law regarding conflicts issues is discussed. In Part II, the common issues surrounding attorney and/or firm disqualifications for conflicts of interest are explored. Part III looks at conflicts of interest involving current clients. Part IV examines conflicts of interest concerning former clients. In Part V, a different type of conflict of interest—the lawyer as a witness situation—is discussed. Part VI moves to conflicts of interests involving non-lawyers—specifically judges, experts, and courtroom interpreters. Finally, in Part VII, the possible remedies a court may award for such conflicts are reviewed.

I. CHOICE OF LAW

The Federal Circuit has determined that conflict of interest issues, even if arising in patent litigation, is governed by regional circuit law. In *Uniloc USA, Inc. v. Microsoft Corp.*, the court applied First Circuit law to determine whether a judge must recuse himself due a conflict of interest.¹ The same occurred in *W.L. Gore & Assocs., Inc. v. Int'l Med. Prosthetics Res. Assocs., Inc.*, where Ninth Circuit law was applied to a law firm disqualification motion based on an alleged conflict of interest.²

The Federal Circuit will even follow the regional circuit's law on when an order disqualifying counsel is appealable. In *W.L. Gore*, the court considered an immediate appeal from such an order because “the Ninth Circuit permits the immediate review of the grant of a motion to disqualify counsel.”³

Notably, while prior decisions in this area are not binding on the regional circuit or the Federal Circuit, they do influence future Federal Circuit cases on the issue. In *W.L. Gore*, the Federal Circuit was considering whether a conflict of interest personal to a firm's attorney could

1. 290 Fed. Appx. 337, 340 (Fed. Cir. 2008).

2. 745 F.2d 1463, 1465-66 (Fed. Cir. 1984).

3. *W.L. Gore*, 745 F.2d at 1465 (citing *Gough v. Perkowski*, 694 F.2d 1140 (9th Cir. 1982)).

be imputed to the whole firm.⁴ The defense was that the firm had properly screened off the attorney from the rest of the firm regarding the matter. The Federal Circuit noted the “Ninth Circuit has expressly left open the question of whether firmwide disqualification would be necessary if screening procedures were used.”⁵

However, the Federal Circuit had considered whether such a defense could avoid imputing a conflict before under Seventh Circuit law.⁶ The Federal Circuit was eventually able to avoid speaking first for the Ninth Circuit on the validity of this defense.⁷ Still, the Federal Circuit is clearly influenced by its prior decisions on a particular subject matter, even if these were made under regional circuit law.

II. FOUNDATION FOR CONFLICTS OF INTEREST REGARDING ATTORNEYS/FIRM

A. Standard When Determining Attorney/Firm Disqualification Based on Conflict

The party bringing a motion to disqualify bears the burden of providing the grounds for such disqualification.⁸ District courts have broad discretion to determine whether to disqualify counsel.⁹

In general, disqualification is a “harsh sanction” and should “be resorted to sparingly.”¹⁰ Such motions interfere with the non-moving party’s right to freely choose his or her own counsel.¹¹ Further, such motions often are interposed for tactical reasons and inevitably cause delay¹². Accordingly, some circuits have directed that courts faced with disqualification motions take a “restrained approach that focuses primarily on preserving the integrity of the trial process.”¹³ A party seeking disqualification carries a heavy burden of proof and must

4. *Id.* at 1466-67.

5. *Id.* at 1467 n.6.

6. *Id.* at 1466 (*Panduit Corp. v. All States Plastic Mfg. Co.*, 744 F.2d 1564 (Fed. Cir. 1984))

7. The court decided that the attorney had not been walled off and thus the rebuttable could not be established. *Id.*

8. *FMC Tech., Inc. v. Edwards*, 420 F.Supp.2d 1153, 1158 (W.D. Wash. 2006).

9. *Intelli-check, Inc. v. Trico Card Techs.*, 2008 WL 4682433 (E.D.N.Y. Oct. 21, 2008) (citing *Cresswell v. Sullivan & Cromwell*, 922 F.2d 60, 72 (2d Cir. 1990)).

10. *Norton v. Tallahassee Mem'l Hosp.*, 689 F.2d 938, 941 n. 4 (11th Cir. 1982)).

11. *Evans v. Artek Sys. Corp.*, 715 F.2d 788, 791 (2d Cir. 1983).

12. *DeFazio v. Wallis*, 459 F.Supp.2d 159, 163 (E.D.N.Y. 2006).

13. *Armstrong v. McAlpin*, 625 F.2d 433, 444 (2d Cir. 1980).

demonstrate that, absent disqualification, the trial would be tainted.¹⁴ Moreover, courts considering disqualification must closely examine the facts of the case and balance a party's right to counsel of choice against the need to maintain the highest standards of the profession.¹⁵

However, it is also "axiomatic that an attorney must avoid even the appearance of a conflict of interest."¹⁶ Courts need to preserve the "public trust in the scrupulous administration of justice and the integrity of the bar."¹⁷

B. Determining Who is a Client

Before a conflict of interest based on representation can be established, there must be actual representation. An attorney-client relationship needs to be identified.

1. Preliminary Interviews

In *Laryngeal Mask Co. Ltd. v. Ambu*, the court considered a motion to disqualify the alleged infringer's counsel based on a conflict of interest.¹⁸ The allegation was based on an interview between Laryngeal and the firm as possible counsel in the very patent infringement suit at bar.

The central questions were whether the preliminary interview created an attorney-client relationship and/or "whether confidences were disclosed or legal advice was given that would disqualify [the firm] from this action."

The court noted that a fiduciary obligation can exist in the early stages of a relationship between attorney and client.¹⁹ It can even arise out of a "preliminary consultations by a prospective client with a view to retention of the lawyer, although actual employment does not result."²⁰ "When a party seeking legal advice consults an attorney at law and secures that advice, the relation of

14. *Evans*, 715 F.2d at 791.

15. *Fund of Funds, Ltd. v. Arthur Andersen & Co.*, 567 F.2d 225, 228-29 (2d Cir. 1977).

16. *Trone v. Smith*, 621 F.2d 994, 1000 (9th Cir. 1980).

17. *Dep't of Corps. v. SpeeDee Oil Change Sys., Inc.*, 20 Cal.4th 1135, 1144-47, (1999).

18. 2008 WL 558561 (S.D. Cal. Feb. 25, 2008).

19. *Id.* at *1-2.

20. *Id.* at *3 (citing *Westinghouse Elec. Corp. v. Kerr-McGee Corp.*, 580 F.2d 1311 (7th Cir.1978)).

attorney and client is established *prima facie*. [citations omitted]. The primary concern is whether and to what extent the attorney acquired confidential information.”²¹ The focus is on whether the meeting went beyond “initial or peripheral contacts.”²²

The court found that, during the preliminary meeting, “an implied attorney-client relationship was formed.”²³ The stated purpose of the meeting was to determine if the firm was interested in and qualified to represent Laryngeal against Ambu. Laryngeal brought documents and sample products to explain the case to the lawyers, and these documents included confidential notes. Laryngeal also “revealed confidential information concerning the subjects of venue, claim construction in relation to the theory of their case, and settlement, and that the [firm] lawyers provided strategic legal advice about how to proceed on those topics.” The meeting lasted over one hour. The court concluded that “the setting was appropriate and conducive to establishing an attorney-client relationship and that the clear intent was to keep the communications private.”²⁴

The attorneys were thus disqualified.²⁵

2. *Joint Defense Arrangements*

Joint defense agreements have become more and more common as multiple, unrelated companies are being sued on a single. The defendants, in order to share resources, commonly enter into joint defense agreements. A question can arise as to whether a firm’s representation of one of the joint defendants can be considered a representation of all of the joint defendants.

Such a situation arose in *In re Gabapentin Patent Litigation*.²⁶ In that case, two attorneys of the firm who was representing the patentee had been part of a joint defense agreement to which a number of defendants were parties. The two attorneys did not directly represent any of the defendants in the previous suit. The attorneys were also members of a different firm at the time of the joint defense agreement.

21. *Id.* at *3.

22. *Id.* at *3-4.

23. *Id.*

24. *Id.* at *4-5.

25. *Id.*

26. 432 F. Supp. 2d 461 (D. N.J. 2006).

Some of the defendants in the current action moved to disqualify the firm based on these two attorneys involvement in the prior joint defense agreement. The court agreed, finding that the joint defense agreement “created a fiduciary and implied attorney-client relationship between [the attorneys] and the other [] Defendants.”²⁷ As members of the joint defense team, [the attorneys] received confidential information from co-[]Defendants.”²⁸

III. CONFLICT OF INTEREST BASED ON CURRENT CLIENT

All jurisdictions have professional rules of responsibility that include a rule governing conflicts of interest with current clients. Virginia’s rule on this topic, Rule 1.7, is set forth below:

- (a) A lawyer shall not represent a client if the representation of that client will be directly adverse to another existing client, unless:
 - (1) the lawyer reasonably believes the representation will not adversely affect the relationship with the other client; and
 - (2) each client consents after consultation.
- (b) A lawyer shall not represent a client if the representation of that client may be materially limited by the lawyer’s responsibilities to another client or to a third person, or by the lawyer’s own interests, unless:
 - (1) the lawyer reasonably believes the representation will not be adversely affected; and
 - (2) the client consents after consultation. When representation of multiple clients in a single matter is undertaken, the consultation shall include explanation of the implications of the common representation and the advantages and risks involved.”²⁹

1. Representation of Related Entity

A common question in patent infringement cases is whether a firm represents an entity related to an adverse party in such a manner as to create a conflict. These situations present two questions—(1) whether the entities are related enough to consider the adverse party a current client and (2) whether this representation renders the firm directly adverse to the opposing party.

27. *Id.* at 463.

28. *Id.*

29. Virginia Rules of Professional Conduct, Rule 1.7.

The court in *Honeywell Int'l Inc. v. Philips Lumileds Lighting Co.*, was presented with this very issue.³⁰ In *Honeywell*, Philips Lumileds sought to disqualify Honeywell's counsel (the "Firm") based on a conflict of interest. Philips Lumileds asserted that the Firm represents Philips Electronics North American Corporation ("PENAC") in a variety of legal issues. Philips Lumileds noted that the Firm, in representing PENAC, has represented numerous Philips entities including Philips Electronics, Philips Consumer Electronics, Philips Healthcare, and Philips Intellectual Property & Standards (Philips IP & S).³¹ And due to this representation, PHJW "had access to confidential information, including its business plans, legal strategies, and intellectual property protection objectives" and contact with numerous Philips executives.³²

Honeywell, in response, conceded that PENCA is the Firm's current client, but that PENAC and Philips Lumileds "are attenuated affiliates of one another," not parent-sub and thus the Firm is not adverse to a current client.³³

The court applied ABA Model Rule 1.7 in determining whether the Firm should be disqualified. The court concluded that Philips Lumileds established both required factual findings under Rule 1.7—"(1) that [Philips Lumileds] is a current client of the Firm; and (2) that the Firm's representation of Honeywell is directly adverse to it."³⁴

The court first determined that the "circumstances are such that the affiliate," Philips Lumileds, "should be considered a client."³⁵ "[T]he fact of corporate affiliation, without more, does not make all of the corporate affiliates a client of a specific lawyer or firm."³⁶ However, circumstances, such as "(1) whether the corporation and the subsidiary share a common legal department and management duties, (2) whether the lawyer's work for a parent corporation benefits a subsidiary, or (3) whether the lawyer's work for the parent involves collecting confidential information" are relevant to determining whether the affiliated company is considered a client.³⁷

30. 2009 WL 256831 (E.D. Tex. Jan. 6, 2009).

31. *Id.* at *1-2.

32. *Id.*

33. *Id.*

34. *Id.* at *2-3.

35. *Id.* at *2-3.

36. *Id.*

37. *Id.*

Philips Lumileds shared the same legal department with PENAC and the same “management, computer networks, and marketing designs.”³⁸ The Firm also, in its prior representations, had access to confidential information on a number of Philips entities. There was question as to how representation of PENAC impact Philips Lumileds. But “an affiliate’s website ‘confirms the close family relationship of the two companies, as well as their integrated business operations and interests.’”³⁹

The court next concluded that “[The Firm’s representation of Honeywell is directly adverse.”⁴⁰ Under the national ABA standard, the question is not whether the matters are substantially related. “Because Philips Lumileds is considered a client, [the Firm’s] representation is clearly adverse to it.”⁴¹ And the Firm had not obtained consent of both clients—Philips Lumileds and Honeywell—to get the conflict waived.⁴²

The court, in closing, also looked at the balance the likelihood of public suspicion against a party’s right to counsel of choice.⁴³ Here, “[t]he subtle legal distinctions between all of its corporate affiliates are transparent to the casual observer. The presence of a centralized legal team, the current representation of PENAC as a client of the Firm, and the high probability of disclosure of confidential information lead the Court to give great weight in favor of disqualifying the Firm from the present suit.”⁴⁴

IV. CONFLICTS OF INTEREST WITH FORMER CLIENTS

All jurisdictions have professional rules of responsibility that include a rule governing conflicts of interest with former clients. Virginia’s rule on this topic, Rule 1.9, is set forth below:

- “(a) A lawyer who has formerly represented a client in a matter shall not thereafter represent another person in the same or a substantially related matter in which that person’s interests are materially adverse

38. *Id.* at *3.

39. *Id.* (citing *Eastman Kodak Co. v. Sony Corp.*, 2004 WL 2984297 (W.D.N.Y. 2004)).

40. *Id.*

41. *Id.*

42. *Id.* (citing *In re Dresser Indus., Inc.*, 972 F.2d 540, 545 (5th Cir. 1992)).

43. *Id.* (citing *FDIC v. United States Fire Ins. Co.*, 50 F.3d 1304, 1314 (5th Cir. 1995)).

44. *Id.* at *4-5.

to the interests of the former client unless both the present and former client consent after consultation.

- (b) A lawyer shall not knowingly represent a person in the same or a substantially related matter in which a firm with which the lawyer formerly was associated had previously represented a client
 - (1) whose interests are materially adverse to that person; and
 - (2) about whom the lawyer had acquired information protected by Rules 1.6 and 1.9(c) that is material to the matter; unless both the present and former client consent after consultation.
- (c) A lawyer who has formerly represented a client in a matter or whose present or former firm has formerly represented a client in a matter shall not thereafter:
 - (1) use information relating to or gained in the course of the representation to the disadvantage of the former client except as Rule 1.6 or Rule 3.3 would permit or require with respect to a client, or when the information has become generally known; or
 - (2) reveal information relating to the representation except as Rule 1.6 or Rule 3.3 would permit or require with respect to a client.”⁴⁵

1. “Substantially Related”

In *Apeldyn Corp. v. Samsung Elecs. Co.*, Samsung moved to disqualify Apeldyn’s counsel based on a conflict of interest.⁴⁶ This conflict was created by one of the firm’s lawyers having previously represented Samsung while at a prior firm in an earlier litigation.⁴⁷ The district court found a conflict.

The Attorney worked on a patent litigation matter for Samsung in a previous case while at a prior firm.⁴⁸ The Attorney was a partner at this firm. The subject matter involved alleged infringement by specific DRAM chips produced by Samsung.

Shortly after this litigation ended, Apeldyn’s firm began talking to the Attorney while it was pursuing a different infringement case against Samsung. The new firm determined that “there was no conflict between the work that [the Attorney] had done previously for Samsung and [the current firm’s] continued and current representation”

45. Virginia Rules of Professional Conduct, Rule 1.9.

46. 693 F. Supp. 2d 399 (D. Del. 2010).

47. *Id.* at 401.

48. *Id.* at 401-02.

adverse to Samsung.⁴⁹ The Attorney was then hired and not ethical screening was imposed to keep the Attorney away from patent litigations adverse to Samsung.

The current firm then sued Samsung in this case on behalf of Apeldyn.⁵⁰ The Attorney was named as counsel for Apeldyn in the case. The infringement case involved a “overdrive feature . . . implemented by two semiconductor components: the timing controller integrated circuit (T-CON) and DRAM.”⁵¹

In determining Samsung’s motion to disqualify the Attorney and the firm from representing Apeldyn, the court looked at Rule 1.9(a) regarding conflict of interest and former clients. “Attorney conduct will fall within the ambit of the Rule if, inter alia, “the present client’s matter [is] the same as the matter the lawyer worked on for the first client, or [is] a ‘substantially related’ matter”⁵² “A ‘substantial relationship’ exists if the similarity between ‘the two representations is enough to raise a common-sense inference that what the lawyer learned from his former client will prove useful in his representation of another client whose interests are adverse to those of the former client.”⁵³

The court went on to find a “substantial relationship” between the prior suit the Attorney worked on and the current suit. The court concluded that there is a “substantial relationship” arises from the “common-sense inference” that “Apeldyn will necessarily be using specimens and documentation that are of the same type, if not the same, as those collected and reviewed by [the Attorney] in the [prior] litigation.”⁵⁴

The court also noted that the firm did not get consent to waive the conflict from Samsung.⁵⁵

2. Imputing the Conflict to the Entire Firm

In *Intelli-Check, Inc. v. Tricom Card Techs., Inc.*, the court considered a motion to disqualify a firm based on one of its current

49. *Id.*

50. *Id.*

51. *Id.*

52. *Id.* at 403 (citing *Nemours Foundation v. Gilbane, Aetna, Federal Ins. Co.*, 632 F. Supp. 418, 422 (D. Del. 1986)).

53. *Id.* (citing *Madukwe v. Del. State Univ.*, 552 F. Supp.2d 452, 458 (D. Del. 2008)).

54. *Id.* at 404-05.

55. *Id.* at 405-06.

Associate's work at a former firm.⁵⁶ The court found that the conflict could not be imputed to the firm.

The court applied New York Disciplinary Rule 5-108 that prohibits a lawyer from representing a client who is adverse to a former client in the same matter except with consent from the former client after full disclosure.⁵⁷ The court noted that “[a] disqualifying conflict exists when: (1) the moving party is a former client of the adverse party’s counsel; (2) there is a substantial relationship between the subject matter of the counsel’s prior representation of the moving party and the issues in the present lawsuit; and (3) the attorney whose disqualification is sought had access to, or was likely to have had access to, relevant privileged information in the course of his prior representation of the client.”⁵⁸

Here, the Associate’s conflict was not challenged. Instead the focus was whether Associate’s new firm, who represented the alleged infringer, should be imputed with this disqualification.⁵⁹

“Ordinarily, if an attorney has a conflict with a client, the conflict is imputed to the attorney’s entire firm.”⁶⁰ New York Disciplinary Rule 5-105 provides that “[w]hile lawyers are associated in a law firm, none of them shall knowingly accept or continue employment when any one of them practicing alone would be prohibited from doing so under . . . [(Disciplinary Rule 5-108)] . . . except as otherwise provided therein.”⁶¹ There is a presumption that the confidences and secrets of one attorney are either intentionally or inadvertently disclosed to the whole firm. This presumption can be rebutted by proper “ethical screens”.⁶²

However, if the conflict attorney played an “appreciable role” in the representing an adversary in the same matter, an ethical screen may not avoid imputation.⁶³ And here it appears the Associate played such a role.

56. 2008 WL 468433 (E.D.N.Y. Oct. 21, 2008).

57. *Id.* at *3-4.

58. *Id.* at *4.

59. *Id.*

60. *Id.* (citing *Hempstead Video, Inc. v. Inc. Vill. of Valley Stream*, 409 F.3d 127, 133 (2d Cir. 2005)).

61. *Id.*

62. *Id.* (citing *Cheng v. GAF Corp.*, 631 F.2d 1052, 1057 (2d Cir. 1980)).

63. *Id.* at *4-5.

The court focused on other factors that, it concluded, established that such screening was effective.⁶⁴ The court looked at the current firm's size (420 attorneys), its geographic and technological separation between the Associate and the litigation team, and evidence that there had been no discussions between the Associate and the litigation team.⁶⁵ "The court's confidence in the effectiveness of the screen is further reinforced by the fact [the Associate] had separated from his old firm almost two years before the conflict arose."⁶⁶ The screen was also implemented immediately.

As a side note, the court also asked that the firm attorney who represented both the Associate and the firm in this motion also be screened from this litigation.⁶⁷ The court was surprised that this was not done as a matter of course given the circumstances.

Laryngeal Mask Co. Ltd. v. Ambu also deals with vicarious disqualification. In *Laryngeal*, the court considered a motion to disqualify the alleged infringer's firm based on a conflict of interest.⁶⁸ The court specifically imputed the conflict of two Attorneys, based on an preliminary interview, to the whole firm.

The court concluded that the conflict be imputed to the full firm even though an "ethical wall around the two attorneys who met with Plaintiffs" was erected.

While ethical screening can avoid imputation in California,⁶⁹ the facts here suggest that the screening will likely not work. Here, the lawyers "are in the same District of Columbia office and the clients are opponents in the same patent litigation."⁷⁰ "The risk of inadvertent disclosure of confidential information through casual conversation is too great and the appearance of divided loyalty is too strong to make an exception on these facts."⁷¹ This is particularly likely given evidence that attorneys in this office "routinely seek informal advice from colleagues."⁷²

64. *Id.* at *5.

65. *Id.*

66. *Id.*

67. *Id.* at *6.

68. 2008 WL 558561 (S.D. Cal. Feb. 25, 2008).

69. *Id.* at *7 (citing *In re County of Los Angeles*, 223 F.3d 990, 995-96 (9th Cir. 2000)).

70. *Id.*

71. *Id.*

72. *Id.*

V. CONFLICT OF INTERESTS BASED ON THE LAWYER AS A WITNESS

Jurisdictions also have rules governing situations where a lawyer maybe a witness. Virginia’s rule on this topic, Rule 3.7, is set forth below:

- “(a) A lawyer shall not act as an advocate in an adversarial proceeding in which the lawyer is likely to be a necessary witness except where:
 - (1) the testimony relates to an uncontested issue;
 - (2) the testimony relates to the nature and value of legal services rendered in the case; or
 - (3) disqualification of the lawyer would work substantial hardship on the client.
- (b) If, after undertaking employment in contemplated or pending litigation, a lawyer learns or it is obvious that the lawyer may be called as a witness other than on behalf of the client, the lawyer may continue the representation until it is apparent that the testimony is or may be prejudicial to the client.
- (c) A lawyer may act as advocate in an adversarial proceeding in which another lawyer in the lawyer’s firm is likely to be called as witness unless precluded from doing so by Rule 1.7 or 1.9.”⁷³

This situation can arise in patent litigations in a number of settings. Most revolve around the litigation counsel also being either the prosecution attorney for the underlying patent or opinion counsel for an alleged infringer’s defense to a claim of willfulness. In both situations, the attorney is also a fact witness on issues of inequitable conduct, inventorship, or willfulness. This can lead to Rule 3.7 issues and a conflict—with the attorney both serving as advocate and as witness.

In *Iguana, LLC v. Lanham*, the court considered the patentee’s motion to disqualify Lanham’s counsel on a variety of conflict of interest grounds.⁷⁴ One specific allegation was that a member of the representing firm was a necessary witness to the action.

The court noted that disqualify based on an attorney being a witness, Georgia Rule of Professional Conduct 3.7 requires:

- “(a) A lawyer shall not act as advocate at a trial in which the lawyer is likely to be a necessary witness except where:
 - (1) the testimony relates to an uncontested issue;
 - (2) the testimony relates to the nature and value of legal services rendered in the case; or

73. Virginia Rules of Professional Conduct, Rule 3.7.

74. 628 F. Supp. 2d 1361 (M.D. Ga 2008).

- (3) disqualification of the lawyer would work substantial hardship on the client.
- (b) A lawyer may act as advocate in a trial in which another lawyer in the lawyer's firm is likely to be called as a witness unless precluded from doing so by Rule 1.7 or Rule 1.9."⁷⁵

Here, the court found no violation of Rule 3.7. The attorney who was potentially going to testify was not named counsel for Lanham.⁷⁶ He was a member of the same firm as named counsel, but Rule 3.7(b) does not prohibit such a situation.⁷⁷ Rule 3.7 "does not recognize imputed disqualification."⁷⁸ And there was no indication that there was any other conflict of interest with the firm representing Lanham in the present action."

VI. CONFLICTS OF INTEREST OF OTHERS

Conflicts can arise causing disqualifications of someone other than counsel but still related to the litigation.

A. Judicial Conflict

In *Uniloc USA, Inc. v. Microsoft Corp.*, the Federal Circuit decided Uniloc's appeal of the denial of their motion "to recuse the district court judge on the basis that an intern he had hired to assist with the case allegedly had ties to Microsoft that would cause a reasonable person to question the judge's impartiality."⁷⁹

Section 455(a) of title 28 of the United States Code provides that "[a]ny justice, judge, or magistrate judge of the United States shall disqualify himself in any proceeding in which his impartiality might reasonably be questioned."⁸⁰ The court in *Uniloc* noted that "[t]he key to the analysis is perception, not reality; a judge may be required to be recused, even in the absence of an actual bias."⁸¹ Applying circuit law, a judge must step down "only if the charge against her is supported by a factual foundation and 'the facts provide what an objective, knowledgeable member of the public would find to be a

75. *Id.* at 1373.

76. *Id.* at 1373-74.

77. *Id.* at 1374.

78. *Id.*

79. 290 Fed. Appx. 337 (Fed. Cir. 2008).

80. *Id.* at 340.

81. *Id.*

reasonable basis for doubting the judge’s impartiality.”⁸² The judge is allowed a range of discretion, and the Federal Circuit focused in *Uniloc* “whether the trial court’s decision can be defended as a rational conclusion supported by a reasonable reading of the record.”⁸³

Uniloc’s argument for recusal focused on the intern’s “financial and contractual relationships” with the alleged infringer—Microsoft.⁸⁴ The connections were “1) the receipt of royalty payments by Microsoft Press pursuant to publishing contracts for four programming guides co-authored by the intern and published 9-11 years ago; 2) the assignment of copyrights for his books to Microsoft; 3) a generic expression of thanks to certain Microsoft and Microsoft Press employees in his books; 4) an expression of admiration for Microsoft products in articles written and published by him in Microsoft journals; and 5) indirect financing for his graduate studies from a Microsoft research grant scheduled to expire before the start of his summer internship with the district court.”⁸⁵

The district court did not abuse its discretion for two reasons. The Federal Circuit first noted that the recusal request focused on the intern’s conflict of interest, not the district court judge’s.⁸⁶ And “[t]he intern’s connections to Microsoft do not create a conflict of interest under the Code of Conduct for Judicial Employees.”⁸⁷ The Federal Circuit also emphasized the finding that “the intern’s royalty payments or the research funding that had been distributed completely before the intern started his internship with the district court.”⁸⁸

The Federal Circuit also made a distinction between the intern and law clerks in influencing the district court judge. Law clerks could be “capable of exerting substantial influence over the judges for whom they work.”⁸⁹ But this does not hold for interns, especially where in this case “the district judge explicitly made that point in noting the limited and indirect role that the intern would play in the court’s decision-making in this case.”⁹⁰

82. *Id.* (quoting *In re United States*, 666 F.2d 690, 695 (1st Cir. 1981) (emphasis in original)).

83. *Id.*

84. *Id.*

85. *Id.*

86. *Id.* at 340-41.

87. *Id.* at 341.

88. *Id.*

89. *Id.*

90. *Id.*

Thus, “[u]nder these circumstances, we cannot conclude that the district court abused its discretion in finding that no reasonable member of the public could question his impartiality.”⁹¹

B. Expert Conflict

In *Northbrook Digital LLC v. Vendio Servs., Inc.*, the court considered a motion to disqualify an expert in a patent litigation case because of a conflict of interest.⁹² Northbrook had a single, initial consultation with a professor of computer science prior to the suit that was then hired and put forth as an expert by the alleged infringers.

The standard for “disqualification of expert witnesses for a conflict of interest” is a “two part test. As this Court has recently observed, there is a two part test: disqualification is proper where (1) the moving party has an objectively reasonable expectation of a confidential relationship with an expert and (2) that party disclosed its privileged or confidential information to the expert.”⁹³

Regarding the first part, the court concluded that there was no reasonable expectation of a confidential relationship. The court looked to a number of factors, including “whether the expert met once or several times with the moving party; was formally retained or asked to prepare a particular opinion; or was asked to execute a confidentiality agreement.”⁹⁴ “[A] reasonable expectation of a confidential relationship does not necessarily hinge on whether the expert executed a formal retainer or confidentiality agreement.” But when the consultation is an initial one, “the party generally cannot claim a reasonable expectation of a confidential relationship.”⁹⁵

Here, there was only an initial interview with the expert—a professor of computer science. And there was no written agreement or informal letter regarding confidentiality.⁹⁶ There was also no documentary evidence that confidential information was provided to the expert by Northbrook. “This Court expects that, if there was

91. *Id.*

92. 2009 WL 5908005 (D. Minn. Aug. 26, 2009).

93. *Id.* at *1 (citing *Carbomedics, Inc. v. ATS Medical, Inc.*, 2008 WL 5500760 at *3 (D. Minn. Apr. 16, 2008)).

94. *Id.* at *2 (citing *Koch Refining Co.*, 85 F.3d at 1182; *Stencel v. Fairchild Corp.*, 174 F.Supp.2d 1080, 1083 (C.D. Cal. 2001); *Mayer v. Dell*, 139 F.R.D. 1, 3 (D.D.C. 1991)).

95. 701 F. Supp. 2d 861 (E.D. Tex. 2010).

96. *Id.* at 862.

significant concern about confidentiality, it would be reasonable for counsel to make some effort to guard their disclosures.”⁹⁷

C. Interpreter Conflict

The case of *Advanced Tech. Incubator, Inc. v. Sharp Corp.*, involves another type of third party conflict.⁹⁸ Here, the patentee challenged the use of a particularly interpreter by the alleged infringer during trial. The patentee did not challenge the interpreter’s qualifications. Instead, the patentee alleged a “bias (or, at a minimum, the appearance of bias).”

This potential bias was based on the fact that the interpreter had acted, on several prior occasions as the alleged infringer’s “check interpreter” during depositions. He also “provided interpreting services during attorney-client privileged communications between Sharp witnesses and Sharp’s counsel in preparing for depositions. [The interpreter] also testified that he provided Japanese-language interpretation in social settings where Sharp witnesses and Sharp’s counsel were present. Sharp’s counsel has paid [the interpreter] at least \$22,600 for his services (not including expenses).”⁹⁹ “In light of all of these facts and circumstances, [the interpreter’s] service as a trial interpreter in this case would raise an appearance of impropriety as to impartiality and conflict of interest.”¹⁰⁰ Accordingly, the interpreter was disqualified from interpreting at trial. Notably, this holding caused the district court to continue the case and give the alleged infringer “ample opportunity to obtain services of another trial interpreter.”¹⁰¹

VII. REMEDY CONSIDERATIONS

A crucial final question is what remedies are available for such conflicts of interest. The common remedy is disqualification, which is discussed in detail below. But other unique remedies have been fashioned before when the conflicted counsel is not representing either party.

97. *Id.*

8. *Id.*

98. *Id.*

100. *Id.* at 862-63.

101. *Id.* at 863.

A. Disqualification of Counsel

On a motion for reconsideration, the district court in *In re Gabapentin Patent Litigation* considered whether disqualification of counsel was the correct remedy for a conflict of interest based on a former client.¹⁰²

The court noted that “[r]esolution of this issue requires a balancing of the hardship to the client whose lawyer is sought to be disqualified against the potential harm to the adversary should the attorney be permitted to proceed. In addition, the Court must consider its obligation to preserve high professional standards and the integrity of the proceedings.”¹⁰³

The court determined that there was less harm to the conflicted firm’s client than to the alleged infringer. The disqualification was early in representation, with the disqualified firm having not “not acquired much knowledge about the Gabapentin action because it has not been active.”¹⁰⁴ The court also noted that “[m]embers of the legal profession today are highly mobile. Firm-switching is not uncommon.”¹⁰⁵ Therefore, finding new counsel would not be difficult. In contrast, the court believed that “the public’s perception of the legal profession is enhanced by what the Court admits is an appropriate, albeit somewhat strict, application of the ethical rules in this side-switching context.”¹⁰⁶

B. Nullifying Counsel’s Opinion

The facts in *Andrew Corp. v. Beverly Mfg. Co.* present an interesting remedy question from a conflict of interest.¹⁰⁷ In *Andrew*, the court threw out three opinions of non-infringement because the firm that issued them was representing both Andrew and Beverly Manufacturing at the same time.

The Firm, which did not represent either party in the litigation, had both Andrew and Beverly Manufacturing as clients.¹⁰⁸ Two of

102. 432 F. Supp. 2d 461 (D. N.J. 2006).

103. *Id.* at 464 (citing *Essex Chemical Corp. v. Hartford Accident & Indem.*, 993 F. Supp. 241, 254 (D. N.J. 1998)).

104. *Id.*

105. *Id.*

106. *Id.*

107. 415 F. Supp. 2d 919 (N.D. Ill. 2006).

108. *Id.* at 920-23.

the attorneys at the Firm drafted two opinion letters for Beverly, both concluding that Beverly did not infringe two of Andrew's patents.¹⁰⁹

The court determined that, based on these facts, the Firm "took positions directly adverse to its client Andrew in the July and August 2003 opinion letters on behalf of its other client Beverly, without obtaining informed consent from both Andrew and Beverly."¹¹⁰ The court found it irrelevant that no Firm lawyer worked on both Andrew and Beverly cases, that there was no use of confidential information, and that the Firm lawyers did not discuss their concurrent representation of Andrew and Beverly.¹¹¹

With regards to the remedy, the court held "as a matter of law . . . that the July and August 2003 opinion letters were not issued by competent opinion counsel."¹¹² The court concluded that "no opinion letter by Barnes & Thornburg while laboring under the unwaived conflict of interest, should be used in any manner in this case."

The court determined that it could impute the errors of the attorneys on Beverly.¹¹³ The court also noted that there was no less restrictive, adequate remedy available.¹¹⁴ "If Beverly is allowed to use the opinion letters at issue in this case, Andrew will suffer because of [the Firm's] breach of its ethical duty to Andrew. The public will also suffer if the opinion letters are used in these proceedings because the opinion letters are the product of attorneys laboring under an unwaived conflict of interest."¹¹⁵

Furthermore, the court had the inherent power to judge the conduct of the Firm even if none of their attorneys were counsel of record before the court.¹¹⁶ The court also determined, perhaps most importantly, that the conflict went to the heart of the competency of the opinion letters.¹¹⁷ "The primary purpose of a client obtaining a patent opinion letter from independent, objective and competent patent counsel is to 'ensure that it acts with due diligence in avoiding activities which infringe the patent rights of others,'" and the conflict of

109. *Id.*

110. *Id.* at 924.

111. *Id.* at 924-25.

112. *Id.* at 928-29.

113. *Id.*

114. *Id.* at 925-26.

115. *Id.* at 926.

116. *Id.* at 926-27.

117. *Id.* at 927-28.

interest put this competency at risk.¹¹⁸ The Firm’s “conflict, which arose from the concurrent representation of both Andrew and Beverly, who were adverse to one another, prevents [the Firm] from being able to provide the type of competent, independent advice and opinion letters that the law requires. [the Firm’s] fiduciary duties to Andrew prohibited it from taking any position adverse to Andrew.”¹¹⁹

CONCLUSION

Conflicts of interest can arise in various stages and aspects of patent litigation. The recent cases discussed above provide examples of this. And given the dramatic remedies that can result—from disqualification to rejection of attorney work product—attorneys need to observe the relevant conflict of interest rules when engaging a client and while litigating the case.

118. *Id.* at 928 (citing *Comark Comm'n, Inc. v. Harris Corp.*, 156 F.3d 1182, 1191 (Fed. Cir. 1998)).

119. *Id.*

NOTES