



UNITED STATES DISTRICT COURT  
SOUTHERN DISTRICT OF NEW YORK  
-----X  
REGENERON PHARMACEUTICALS,  
INC.,  
  
Plaintiff,  
  
-v-  
  
MERUS B.V.,  
  
Defendant.  
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14 Civ. 1650 (KBF)

DISCOVERY ORDER #10

KATHERINE B. FORREST, District Judge:

On November 17, 2014, defendant Merus B.V. (“Merus”) filed a letter-motion to compel Regeneron Pharmaceuticals, Inc. (“Regeneron”) and Foley Hoag LLP to produce all documents previously withheld on the basis of attorney-client privilege, covering the same subject matter as the chart and memo prepared by Dr. Brendon T. Jones. Dr. Jones is an attorney with the law firm Foley Hoag, who acted as a patent agent in prosecuting the U.S. Patent No. 8,502,018 (“018 Patent”). (ECF No. 203.) Regeneron and Foley Hoag oppose Merus’s motion. (ECF Nos. 212, 213.)<sup>1</sup> On November 24, 2014, the Court ordered that the metadata associated with Dr. Jones’s chart and memo be produced and that all documents and communications “relating to groups or individuals who at the time of creation or subsequently thereto received a copy of the chart or memo” and those “referring or relating in any

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<sup>1</sup> Regeneron and Foley Hoag “offered to produce to Merus, communications between Dr. Jones and Regeneron between April 30, 2013 (around when Dr. Jones first learned of some of the prior art in question) and August 6, 2013 (when the ’018 patent issued)” that relate to the charts and memo, but “request a protective order that unrelated privileged communications need not be produced”. (ECF No. 213.) As it turns out, a key communication revealing the privileged nature of the communication occurred subsequent to that timeframe – in November 2013.

way to Dr. Jones's chart and memo" be provided to the Court for in camera review. (ECF No. 214.)<sup>2</sup>

For the reasons set forth below, Merus's motion is GRANTED.

## I. APPLICABLE LAW

The first question for the Court is whether to follow Federal Circuit or Second Circuit precedent for adjudicating non-patent issues including waiver of attorney-client privilege.<sup>3</sup> It must follow that of the Second Circuit. "We apply our own law with respect to issues of substantive patent law and certain procedural issues pertaining to patent law, but apply the law of the regional circuits on non-patent issues." Bradford Co. v. Conteyor North America, Inc., 603 F.3d 1262 (Fed Cir. 2010) (citing Invitrogen Corp. v. Biocrest Mfg., L.P., 424 F.3d 1374, 1378-79 (Fed. Cir. 2005)). The Federal Circuit has held that "waiver by the disclosure of privileged material does not meet" the criteria for requiring application of Federal Circuit law. GFI, Inc. v. Franklin Corp., 265 F.3d 1268, 1272 (Fed. Cir. 2001); In re Target Technology Co. LLC, 208 Fed.Appx. 825, 826 (Fed Cir. 2006) ("When a district court's ruling concerning waiver of the attorney-client privilege does not involve issues unique to patent law, we apply the law of the regional circuit"); In re Pioneer Hi-Bred Int'l, Inc., 238 F.3d 1370, 1374 (Fed. Cir. 2001) (applying Eighth

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<sup>2</sup> Regeneron explains that they submitted all such documents, "with the exception that Regeneron has not included privileged communications relating to drafts of letters responding to Merus' November 17, 2014 letter motion to compel (D.I. 203) or Your Honor's November 24 and 25 Orders", nor has it included "outside counsels' documents and communications that were not provided to Regeneron." Foley Hoag states that it "has not included work product related to this litigation that we did not provide to or receive from Regeneron" and that it "did not include recipient information obtained in our search in the metadata chart provided to Merus."

<sup>3</sup> The Court notes that defense counsel cited Federal Circuit cases on this issue.

Circuit law to questions of waiver of privilege). “Federal Circuit law applies when deciding whether particular written or other materials are discoverable in a patent case,” at least if that issue clearly implicates substantive patent law. In re Spalding Sports Worldwide, Inc., 203 F.3d 800, 803 (Fed. Cir. 2000). No substantive patent law is implicated in the privilege issues that are before the Court; accordingly, the Court must apply Second Circuit law.

## II. SCOPE AND WAIVER OF ATTORNEY-CLIENT PRIVILEGE

It is a basic principle that as “discovery provisions are to be applied as broadly and liberally as possible, the privilege limitation must be restricted to its narrowest bounds.” Hickman v. Taylor, 329 U.S. 495, 506 (1947). The attorney-client privilege protects communications (1) between a client and his or her attorney (2) that are intended to be, and in fact were, kept confidential (3) for the purpose of obtaining or providing legal advice. See In re County of Erie, 473 F.3d 413, 419 (2d Cir. 2007). “Fundamentally, legal advice involves the interpretation and application of legal principles to guide future conduct or to assess past conduct.” Id. The attorney-client privilege protects only legal advice – not economic, business, or policy advice. Id. (considering “whether the communications were made for the purpose of obtaining or providing legal advice, as opposed to advice on policy”); see also Fox News Network, LLC v. U.S. Department of The Treasury, 739 F.Supp.2d 515, 560 (S.D.N.Y. 2010). In determining whether the “predominant purpose of the communication is to render or solicit legal advice”, the communication “should be assessed dynamically and in light of the advice being sought or rendered, as well as the relationship between advice that can be rendered only by consulting the legal

authorities and advice that can be given by a non-lawyer.” Erie, 473 F.3d at 420–21.

Privilege can attach to both oral and written statements. See Upjohn Co. v. United States, 449 U.S. 383, 398 (1981) (if notes and memorandum based on oral statements “reveal communications, they are . . . protected by the attorney-client privilege”); In re Grand Jury Subpoenas Dated March 24, 2003 Directed to (A) Grand Jury Witness Firm and (B) Grand Jury Witness, 265 F.Supp.2d 321, 332-34 (S.D.N.Y. 2003) (finding that attorney-client privilege applied to the content of oral communications); Renner v. Chase Manhattan Bank, No. 98 Civ. 926 (CSH), 2001 WL 1819215 , at \*3 (S.D.N.Y. July 13, 2001) (if “oral communication were legal in nature and between client and counsel, as intended, and kept confidential, as intended, the attorney-client privilege would presumptively apply”); U.S. v. Barrier Industries, Inc., No. 95 Civ. 9114 (BSJ), 1997 WL 97842, at \*2 (S.D.N.Y. Mar. 5, 1997) (“The reasoning applied above to the written communications applies equally to such oral communications.”)

A party may not use the attorney-client privilege as both a “sword and a shield”. See United States v. Bilzerian, 926 F.2d 1285, 1292 (2d Cir. 1991); In re von Bulow, 828 F.2d 94, 103 (2d Cir. 1987) (citations omitted). “In other words, a party cannot partially disclose privileged communications or affirmatively rely on privileged communications to support its claim or defense and then shield the underlying communications from scrutiny by the opposing party”. In re Grand Jury Proceedings, 219 F.3d 175, 182 (2d Cir. 2000); see also Bowne of New York City, Inc. v. AmBase Corp., 150 F.R.D. 465, 474 (2d Cir. 1993) (the privilege can be waived

when the “privilege holder releases only communications or portions of communications favorable to his litigating position, while withholding any unfavorable ones”); Bilzerian, 926 F.2d at 1292 (there is an implied waiver of the privilege when someone “asserts a claim that in fairness requires examination of protected communications”). Courts make determinations of waiver on a case-by-case basis, taking into account, inter alia, whether a party’s disclosure was demonstrably prejudicial to the other party. In re Grand Jury Proceedings, 219 F.3d at 183. The Supreme Court has noted that “[p]arties may forfeit a privilege by exposing privileged evidence, but do not forfeit one merely by taking a position that the evidence might contradict.” United States v. Salerno, 505 U.S. 317, 323 (1992).

Waiver of the privilege “allows the attacking party to reach all privileged conversations regarding a particular subject once one privileged conversation on that topic has been disclosed.” In re von Bulow, 828 F.2d at 102-03; see also U.S. v. Jacobs, 117 F.3d 82, 89–90 (2d Cir. 1997) (petitioners waived attorney-client privilege to a document where they disclosed the substance of the opinion at issue while withholding the actual document), abrogated on other grounds by Loughrin v. U.S., 134 S.Ct. 2384 (2014). However, the attacking party should not reach beyond those matters that were actually revealed where “disclosures of privileged information are made extrajudicially and without prejudice to the opposing party.” In re von Bulow, 828 F.3d at 103 (dealing with the publication of a tell-all book about the high-profile defense of Claus von Bulow).

### III. ANALYSIS

In May and June 2013, during the patent prosecution of the '018 Patent, Dr. Jones prepared a memorandum and chart outlining prior art cited by third parties in the parent application and in proceedings relating to one of Regeneron's related European patents. (Jones Decl. Ex. C, D, E, ECF No. 212.) Dr. Jones is a patent agent and employee of Foley Hoag, which was hired by Regeneron to prosecute the '018 Patent. Two days before Merus was to depose Dr. Jones, Merus asserted that it had "identified damaging evidence of inequitable conduct." (ECF No. 203.) After sharing the evidence with Regeneron and seeking consent to file a Third Amended Counterclaim, Foley Hoag produced the memorandum and chart. The parties agreed to stay the deposition pending the Court's resolution of this dispute.

Merus asserts that the production of the documents amounts to a waiver of attorney-client privilege and extends to other documents on Foley Hoag's privilege log concerning the same subject matter. (ECF No. 203.) Regeneron and Foley Hoag assert that these documents were merely created by Dr. Jones "to assist him in his analysis, and not as a privileged attorney-client communication". (ECF No. 212.) They claim that "he created them to assist in and memorialize his own contemporaneous analysis of the materiality of the references of which he recently had become aware". (Id.) Since the documents were created to help him in his role as patent prosecutor and not for the purpose of legal advice, Regeneron and Foley Hoag argue their production during discovery did not amount to disclosure of any attorney-client privileged communication. (ECF Nos. 212, 213.)

The evidence is to the contrary. On November 7, 2013, Dr. Brendan Jones attached the chart in an email to his client at Regeneron, Tor Smeland, and wrote, “While we discussed this analysis in numerous calls, I don’t know if I have ever sent you this document. For your records, I have also attached a memo I drafted regarding the third-party disclosures made in the other U.S. case.” (Privilege Log Doc No. 185) (emphasis added). That email was forwarded to Regeneron’s outside counsel, Jason Sheasby, on the same day. (Regeneron binder, Ex. 3.)

On November 11, 2014, Regeneron’s outside counsel wrote an email to Regeneron stating, “I believe Brendan also discussed his analysis with Tor around the time that Brendan prepared these memos.” (Regeneron binder, Ex. 11) (emphasis added). That same e-mail notes that Dr. Jones “was asked to analyze [] whether certain references that came up in the European Opposition and the Third Party Submission should be disclosed to the PTO”, and that “[t]here are several documents that he prepared on this subject in late June 2013.” (Id.) (emphasis added). These references to discussions of the chart and analysis make clear that Dr. Jones analyzed the prior art and arrived at a legal conclusion regarding a disclosure obligation as part of his advisory role to Regeneron. He communicated the substance of the very same advice contained in the chart orally and contemporaneously. Thus, it is seriously incorrect to assert that he merely used the documents to assist himself in connection with some professional obligation unrelated to his advisory role to Regeneron. Communications between a lawyer and client that involve an evaluation of prior art to guide a patent prosecution are legal in nature. See Erie, 473 F.3d at 419 (“legal advice involves the interpretation and

application of legal principles to guide future conduct”). The charts are thus privileged documents.

The memorandum, written by Dr. Jones on June 28, 2013, appears in all respects to be formatted and have the content of a legal memo to Regeneron – though it is designated as a memo to file. (Privilege Log Doc No. 843.) Printed on Foley Hoag letterhead and beginning with entry lines for “to”, “cc”, “from” and “regarding”, the memo states “Privileged and Confidential,” begins with a summary section, contains footnotes, and is organized under formal headings. It describes basic standards for the duty to disclose prior art, and analyzes the materiality of three publications. The memo amounts to an elucidation of the rationale underlying the charts and is inextricably connected to the charts. It, too, is a privileged document.

On November 12, 2014, Regeneron produced these two documents – which plainly disclosed attorney-client communications – to Merus. It thus waived the attorney-client privilege with regards to the same subject matter. Regeneron and Foley Hoag cannot use attorney-client privilege as both “a sword and a shield” by partially disclosing only the privileged documents it so chooses while shielding other unfavorable privileged documents on the same subject matter. See Bilzerian, 926 F.2d at 1292; In re Grand Jury Proceedings, 219 F.3d at 182. Merus asserts that Regeneron and Foley Hoag’s production was their “attempt at damage control by selectively disclosing that which they believe helps while withholding other privileged documents.” (ECF No. 203.) In fact, on November 12, 2014, David Gindler, Regeneron’s outside counsel, recommended disclosing the particular

documents as they “provide a helpful and concise contemporaneous summary” and a “thoughtful overview of all the prior art.” (Regeneron binder, Ex. 13.) In other words, they made a tactical decision regarding their disclosures. Taking into account the prejudicial nature of the partial disclosure, In re Grand Jury Proceedings, 219 F.3d at 183, the Court finds that the production of the chart and memorandum amount to the disclosure of attorney-client privileged communications, thereby resulting in a waiver of the privilege. Foley Hoag “forfeit[ed] a privilege by exposing privileged evidence” and now must produce additional documents. See Salerno, 505 U.S. at 323; cf. Fullerton v. Prudential Ins. Co., 194 F.R.D. 100, 104 (S.D.N.Y. 2000) (holding that waiver of work product privilege by disclosure to adversary waives privilege “only as to matter covered in the waived documents”; therefore, corporation required to produce other documents involving same subject matter). Having waived attorney-client privilege, Regeneron and Foley Hoag shall produce to Merus all relevant documents concerning the decision to not disclose prior art during the patent prosecution.

SO ORDERED.

Dated: New York, New York  
December 4, 2014



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KATHERINE B. FORREST  
United States District Judge