

**IN THE UNITED STATES DISTRICT COURT
FOR THE DISTRICT OF DELAWARE**

ETHICON LLC, ETHICON ENDO-)
SURGERY, INC., and ETHICON US LLC,)

Plaintiffs,)

v.)

Civil Action No. 17-871-LPS-CJB

INTUITIVE SURGICAL, INC.,)
INTUITIVE SURGICAL OPERATIONS,)
INC, and INTUITIVE SURGICAL)
HOLDINGS, LLC,)

Defendants.)

MEMORANDUM ORDER

Presently pending before the Court is Defendants Intuitive Surgical, Inc., Intuitive Surgical Operations, Inc. and Intuitive Surgical Holdings, LLC's (collectively, "Intuitive") motion for relief against Plaintiffs Ethicon LLC, Ethicon Endo-Surgery, Inc. and Ethicon US LLC (collectively, "Ethicon"), requesting that the Court compel Ethicon to produce responsive documents created by the named inventor of the patents-in-suit.¹ (D.I. 212) For the reasons that follow, the Court orders that Intuitive's Motion be GRANTED.

I. BACKGROUND

Intuitive filed its discovery dispute motion on November 29, 2018. (D.I. 212) The Court has considered the parties' submissions, (D.I. 222, 228, 236), and heard argument on December 17, 2018.

II. STANDARD OF REVIEW

¹ This case has been referred to the Court to hear and resolve all discovery disputes. (D.I. 48)

The attorney-client privilege protects confidential communications between a client and its attorney made for the purpose of securing legal advice. *Rhone-Poulenc Rorer Inc. v. Home Indem. Co.*, 32 F.3d 851, 862 (3d Cir. 1994). The party asserting the privilege bears the burden of establishing the privilege. *In re Grand Jury*, 705 F.3d 133, 160 (3d Cir. 2012); *United States v. Veolia Env't N. Am. Operations, Inc.*, Civ. No. 13-mc-03-LPS, 2013 WL 5779653, at *4 (D. Del. Oct. 25, 2013). Because the privilege militates against the general rule promoting full disclosure of information between parties to a lawsuit, courts must construe it narrowly. *Westinghouse Elec. Corp. v. Republic of Philippines*, 951 F.2d 1414, 1423 (3d Cir. 1991); *Kickflip, Inc. v. Facebook, Inc.*, Civ.No. 12-1369-LPS, 2015 WL 13446263, at *2 (D. Del. Jan. 21, 2015). This Court has noted that “[i]f the primary purpose of a communication is to solicit or to render advice on non-legal matters, the communication is not within the scope of the attorney-client privilege.” *Idenix Pharms., Inc. v. Gilead Scis., Inc.*, 195 F. Supp. 3d 639, 644 (D. Del. 2016) (internal quotation marks and citation omitted). The United States Court of Appeals for the Federal Circuit has similarly held that a communication is privileged if it is 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 and citation omitted).

III. DISCUSSION

Intuitive seeks two types of documents relating to the patents-in-suit: (1) certain of Ethicon’s “idea submission” forms; and (2) a “Value of IP” spreadsheet and related documents. (D.I. 222) Ethicon has withheld both sets of documents on the basis of attorney-client privilege. (*Id.* at 1; *see also* D.I. 228 at 1) The Court will take these issues up in turn.

A. “Idea Submission” Forms

Ethicon's idea submission forms were submitted to Ethicon's internal idea system by Frederick Shelton, an Ethicon employee and a named inventor on the patents-in-suit, and other individuals; the forms were thereafter provided to a "Franchise Review Board" (hereinafter, "FRB"). The FRB is composed of "a marketing individual, . . . a legal individual [i.e., an attorney], . . . individuals responsible for prior art," and engineers. (D.I. 222, ex. A at 28; *see also id.* at 358 ("The [FRB] . . . has a legal individual, a business individual, and several engineers."); D.I. 228, ex. B at 21 (in addition to the legal representative, other individuals serving on the FRB would generally consist of "a representative from the patent estate franchise, [] engineers, and there would be [research and development] management and sometimes somebody from marketing"))

Ethicon argues that the idea submission forms are used to make a determination regarding whether to pursue patent protection for the idea described therein, and that their primary purpose is therefore to secure a legal opinion. (D.I. 228 at 2)² Intuitive, for its part, asserts that the primary purpose of the idea submission forms is "business-related," as the forms are reviewed by the FRB, which is composed of all but one non-legal personnel who have "business factors in mind, such as the value to the company." (D.I. 222 at 3)

Certain record evidence supports Intuitive's position. That is, at least four portions of the record suggest to the Court that the idea submission forms at issue were used primarily for non-legal purposes.

² The idea submission forms are distinct from Ethicon's "expanded disclosure" forms, the latter of which are prepared for and provided to Ethicon's patent prosecution attorneys for the purpose of pursuing patent applications. (D.I. 222, ex. A at 523; *see also id.* at 518) Intuitive is not seeking Ethicon's expanded disclosure forms. (D.I. 222 at 1 n.1)

First, there is the composition of the FRB itself. It is relevant that the FRB's members included not only an attorney—Dean L. Garner, Johnson & Johnson's Assistant General Counsel—Patents—but also various other non-attorney participants. (D.I. 228 at 1) Of course, this is not dispositive, as it could well be that the only or primary role of these non-attorneys was to assist the attorney, Mr. Garner, in making a legal determination. *See Cal. Inst. of Tech. v. Broadcom Ltd.*, CV 16-3714-GW (AGRx), 2018 WL 1468371, at *3 (C.D. Cal. Mar. 19, 2018). But it is also true that had the FRB been made up of primarily or exclusively attorneys, it would be easier for Ethicon to make the case that the FRB's work was primarily or exclusively legal in nature.

Second, as noted above, one of the FRB participants was a “marketing individual.” Mr. Garner testified that the role of this marketing individual (who he said “sometimes” served on the FRB) was “to kind of gauge the *commercial interest* in certain inventions.” (D.I. 228, ex. B at 21-22 (emphasis added)) While discussions about legal issues (i.e., the desirability of seeking patent protection for a new invention) could certainly contain discussion of “commercial” concerns, the greater the FRB's work seems to be about valuation of an idea (as opposed to the legal ins and outs of how to protect the idea), the better for Intuitive.

Third, certain portions of Mr. Shelton's deposition testimony suggest that the primary purpose of the idea submission forms was to allow the FRB to recommend to Ethicon's attorneys “which ideas the board finds valuable to the company.” (D.I. 222 at 3 (emphasis omitted)) To that end, Mr. Shelton explained that in submitting an idea submission form, a design team would enter information into a predefined template, including “[t]he basic idea of the concept, its value to the company, and . . . any information related . . . to prior art.” (*Id.*, ex. A at 27-28) Mr. Shelton (who was also a member of the FRB) testified that upon receipt of an idea submission

form, the FRB reviews it and “give[s] our legal advisor or lawyer recommendations[.]” (*Id.* at 28) Later in his deposition, Mr. Shelton provided an example of the FRB’s work, as it related to the decision to apply for a continuation-in-part application that resulted in United States Patent No. 8,931,682 (the “682 patent”). Mr. Shelton explained that the FRB’s role there was to decide “[w]hat to recommend to the attorneys to do” with the new idea at issue. (*Id.* at 565) Mr. Shelton was then asked, “in [his] role as a member of the [FRB,]” what factors he took into account in “making the decision to apply” for this particular patent application. (*Id.*) Mr. Shelton immediately clarified in response that “first of all, we do not recommend [REDACTED] [REDACTED] *We merely recommend whether something would be [REDACTED] and then the attorneys decide what to do and how to combine it.* The attorney communications [are] privileged.” (*Id.* at 566 (emphasis added))³ When asked what factors he personally took into account in making such a recommendation regarding the idea that led to the '682 patent, Mr. Shelton reiterated that he considered [REDACTED] the prior art we’re aware of, and the [REDACTED]” (*Id.* at 566-67) Mr. Shelton’s statements can be read to indicate that a significant portion of the FRB’s role (or at least a significant portion of the discussion at FRB meetings) regarded recommendations about the [REDACTED] and that, at some other stage, “attorneys” at Ethicon would utilize such recommendations in deciding “what to do” next with the idea.

Fourth, although Ethicon asserted in its letter brief that “the purpose of the engineers and individuals with knowledge of prior art [on the FRB] is to assist the attorney [i.e., Mr. Garner]

³ Mr. Shelton’s answer here came after his counsel objected to the question on the ground that Mr. Shelton should not answer the question if doing so would reveal communications between him and attorneys. (D.I. 222, ex. A at 566) Mr. Shelton did then provide the above answer to the question, ending the answer with the statement “[t]he attorney communications [are] privileged.” (*Id.*)

with making a preliminary patentability determination by explaining the invention and identifying potential art,” (D.I. 228 at 2 (emphasis in original) (citing *id.*, ex. B at 22-23)), the sole citation Ethicon provided does not actually support this proposition. Rather, the citation (from Mr. Garner’s deposition testimony) simply explains that the role of the research and development professionals serving on the FRB is to “help describe and understand the invention.” (*Id.*, ex. B at 22-23)

Taken together, all of these facts give real weight to Intuitive’s argument that the idea submission forms are reviewed by the FRB, which in turn is “[REDACTED]” —and not primarily on soliciting or rendering legal advice. (D.I. 222 at 3); *cf. Raytheon Co. v. Cray, Inc.*, C.A. NO. 2:15-CV-01554-JRG-RSP, 2017 WL 2426266, at *2 (E.D. Tex. June 5, 2017) (explaining that invention disclosure questionnaires produced in discovery were not privileged because “Raytheon did not create the documents to obtain legal advice. Rather, Raytheon employees completed the questionnaires for business purposes. Only after the proposed inventions satisfied multiple levels of business and technical re-view did Raytheon provide the questionnaires to outside patent counsel”).

Ethicon, on the other hand, relied significantly in its briefing on an initial declaration from Mr. Garner, in order to assert that the idea submission forms are primarily provided to secure a legal opinion. (D.I. 228 at 2 & ex. C) However, that initial declaration was brief and contained very few details. Because the declaration was so sparse, and because it also appeared to be an important part of the record, the Court provided Ethicon with the opportunity to submit a supplemental declaration from Mr. Garner. The Court explained that the purpose of this supplemental declaration was for Mr. Garner to set out a “clear, factually-detailed account of[,]” *inter alia*: “(a) how the particular documents at issue were used by him and others in the legal

department to ‘make a determination regarding whether to pursue a patent application’; . . . and (b) why it is that, in Mr. Garner’s view, these documents were actually provided to secure primarily a legal opinion (as opposed to being used to prompt a discussion of more general business issues). (December 10, 2018 Oral Order); *cf. Cal. Inst. of Tech.*, 2018 WL 1468371, at *2-3 (concluding that the attorney-client privilege covered a document sent to the company’s internal IP committee “in the hope of commissioning a patent” where the committee, comprised of attorneys, paralegals and engineers, reviewed the submission and assessed its patentability) (internal quotation marks and citation omitted).

Ethicon submitted Mr. Garner’s supplemental declaration *in camera* (“Supplemental Declaration”), though it also shared a redacted version of that declaration with Intuitive. The supplemental declaration attaches, *inter alia*, five sets of idea submission forms and related documents. (Supplemental Declaration, exs. A-E) However, despite Ethicon having two opportunities to satisfy its burden of establishing that these documents were provided to Mr. Garner for the primary purpose of securing legal advice, it has not done so. Instead, Mr. Garner’s Supplemental Declaration raised as many questions as it answered.

For example, in connection with the first two sets of idea submission forms, Mr. Garner’s Supplemental Declaration states that the purpose of the information in the documents “was to allow me to make a decision on patentability and, more specifically, whether to pursue a continuation application with a claim set directed at this particular invention.” (*Id.* at ¶¶ 3-4) What that the *primary* purpose, though, for which the documents were submitted and used? The *only* purpose? The Supplemental Declaration does not answer these questions explicitly.

Mr. Garner does state with respect to these first two sets of documents that he worked with Mr. Shelton and Ethicon’s outside counsel to make a “patentability determination” and does

“not recall any other members of the [FRB] being involved in this particular determination.”

(*Id.*) This statement seems carefully worded. While perhaps no other FRB members were involved in the *patentability* determination, were other FRB members involved in additional discussions regarding these forms? If so, did those discussions tend to focus on what might be termed non-legal (e.g., technical and economic) subject matter concerning the ideas contained therein? The previously-cited portions of the record suggest that the FRB often engaged in just such discussions (and can be read to suggest that at least some FRB members did not get involved in ultimate patentability determinations at all). The Supplemental Declaration is vague as to what the answers to these questions might be.⁴ Without a clear record indicating that the *primary purpose* of these two sets of documents was to allow Mr. Garner to make a legal (i.e., patentability) decision, or about exactly how the documents were used, the Court cannot conclude that the attorney-client privilege applies to protect them from disclosure.

The record also remains unclear regarding the three remaining sets of idea submission forms. For the third and fourth sets, Mr. Garner simply states that the information therein “assisted me in understanding the scope of the invention and informed me about whether the idea was new and useful. [] This information was used by me and outside counsel in making a patentability determination with respect to the parent application.” (*Id.* at ¶¶ 5-6) Similarly, for the fifth set, Mr. Garner explains that the information therein “assisted me in understanding the scope of the inventions described and informed me about whether the ideas were new and useful. [] This information was used by me and outside counsel in making a patentability determination with respect to the parent application as well as continuation and continuation-in-part

⁴ Alternatively, if the other FRB members did not participate in discussions regarding these documents, why did they not do so? The Supplemental Declaration does not address that issue, either.

applications.” (*Id.* at ¶ 7) These assertions, without more, do not establish that the *primary purpose* of these documents was to secure a legal opinion. We now know how the information in the documents later assisted Mr. Garner and outside counsel regarding patentability questions. But how were the documents at issue used and discussed within the FRB? Did other members of the FRB utilize the forms for valuation or marketing purposes, and did discussions of the forms within the FRB focus on those issues? If so, how and why is Mr. Garner asserting that such discussions were legal in nature? The existence of such still unanswered questions demonstrates why, as to these additional idea submission forms, Mr. Garner’s Supplemental Declaration did not serve to help Ethicon meet its burden.

Given two chances to make the record clear as to what primary purpose the idea submission forms were put to, Ethicon failed to do so. In light of this, because the attorney-client privilege should be construed narrowly, and because Intuitive put forward significant evidence supporting its position, Intuitive’s motion as to these documents is GRANTED.

B. “Value of IP” Spreadsheet and Related Documents

Mr. Shelton described Ethicon’s “Value of IP” spreadsheet on a listing of his 2012 Accomplishments as “Powered EndoCutter & ██████████ Analyses Case studies creating a model to characterize *financial value* of ██████████ for MD&D.” (D.I. 222, ex. C at ETH_00790234 (emphasis added); *see also id.*, ex. A at 108-09) He explained that ██████████ was intellectual property that Ethicon was ██████████ and that the point of focusing on ██████████ was to identify ██████████ ██████████ (*Id.*, ex. A at 109 (emphasis added)) And the point of the spreadsheet, according to Mr. Shelton, was to be able to ██████████ as to a potential commercial product

by analyzing [REDACTED]

[REDACTED]’ (*Id.* at 110)

During Mr. Shelton’s deposition, he testified that the spreadsheet “is for the marketing department.” (*Id.* at 111) In its responsive discovery dispute letter, Ethicon asserted that Mr. Shelton’s testimony in this regard was “inaccurate.” (D.I. 228 at 3) Ethicon submitted a Declaration from Mr. Shelton in which he “clarifies” that he does “not agree that this spreadsheet was prepared for the marketing department.” (*Id.* at 3 & ex. D at ¶ 2) Mr. Shelton states that after the deposition, he “went through [his] records to investigate the genesis of the spreadsheet” and based on that investigation, he “confirmed that the spreadsheet . . . was created at the request of” Mr. Garner. (*Id.*, ex. D at ¶ 3) Mr. Shelton further noted that the spreadsheet “was subsequently used to create presentations that were also created at the request of Dean Garner and marked privileged.” (*Id.*)

Ethicon argues that the Value of IP documents “are privileged because they were created for and provided to Mr. Garner in order to assist him in making legal decisions regarding Ethicon’s patent prosecution strategies.” (D.I. 228 at 4) In support, Ethicon cited to Mr. Garner’s initial declaration, in which he stated only the following in regard to these documents:

I understand that the Defendant in this case has moved to compel production of a spreadsheet titled “Value of a patent.” This spreadsheet and related presentations were prepared by Fred Shelton at my request. The purpose of the spreadsheet and the presentations was to provide support for legal decisions made regarding patent prosecution strategy.

(*Id.*, ex. C at ¶ 3) Here again, with so little information provided initially to support Ethicon’s assertion of privilege, the Court ordered that Mr. Garner could submit a Supplemental Declaration, and that in it he provide a “clear, factually-detailed account of” how the Value of IP documents were “used by him and others in the legal department to . . . ‘provide support for legal

decisions made regarding patent strategy[.]” (December 10, 2018 Oral Order) The Court also ordered that Mr. Garner better explain why these documents were provided to secure primarily a legal opinion, as opposed to being used to prompt a discussion of business issues. (*Id.*)

In his Supplemental Declaration, Mr. Garner explains that the spreadsheet (and a related presentation) were prepared at his request by Mr. Shelton to support determinations regarding Ethicon’s patent prosecution strategies. (Supplemental Declaration at ¶ 8) To “help explain” such determinations, Mr. Garner directed Mr. Shelton to prepare the spreadsheet, and the methodology that Mr. Shelton used was included in the “presentation[.]” (*Id.* at ¶ 9) Mr. Garner’s Supplemental Declaration recognizes that determinations regarding patent filing activities generally “ha[ve] elements of a business decision.” (*Id.*) But he asserts that his recommendations were based on a [REDACTED] [REDACTED] (*Id.*)

“Corporate counsel often operates in both a business and legal capacity.” *AbbVie Inc. v. Boehringer Ingelheim Int’l GmbH*, CIVIL NO. 17-cv-01065-MSG-RL, 2018 WL 2995677, at *2 (D. Del. June 14, 2018). Indeed, this Court has observed that “[a]n important responsibility of most patent attorneys, especially those employed by corporate patent departments, is to assess the business implications of the company’s patent position.” *Hercules, Inc. v. Exxon Corp.*, 434 F. Supp. 136, 147 (D. Del. 1977). And as a result, many communications between corporate patent counsel and non-legal employees “would therefore predominantly reflect business concerns, such as the competitive position of the company[.]” *Id.* Where a document implicates non-legal communications, courts assess the document’s “primary purpose” to determine whether the attorney-client privilege applies. *TC Tech. LLC v. Sprint Corp.*, No. 16-cv-153-

RGA, 2018 WL 6584122, at *5 (D. Del. Dec. 13, 2018) (internal quotation marks and citation omitted); *Hercules*, 434 F. Supp. at 147.

It may be true that a purpose of these documents was to provide a legal opinion related to patent prosecution strategy, as Mr. Garner indicates. But Mr. Shelton's testimony seems to describe the "Value of IP" documents in a very different way—suggesting that their purpose was to highlight financial value and business opportunities. And the Supplemental Declaration left out additional facts that might have helped clarify this ambiguous record—such as information about to whom the spreadsheet was distributed, or to whom the presentation was given.

With significant questions still unanswered regarding the Value of IP spreadsheet and presentation, and in light of the mixed record set out above, the Court cannot conclude that the documents were created and used for primarily a legal purpose. Again, the burden here was on Ethicon to demonstrate privilege, and the information it submitted was too vague and uncertain to meet that burden. *See AbbVie, Inc.*, 2018 WL 2995677, at *3-4 (finding that the plaintiff did not meet its burden of clearly demonstrating that legal issues predominated regarding slides in a "IP Discussion" presentation that related to intellectual property strategy development and the business opportunities and competitive advantages "advanced by patenting innovations").

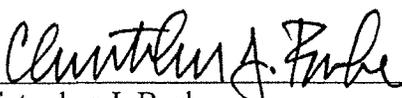
IV. CONCLUSION

For the reasons discussed above, the Court orders that Intuitive's Motion be GRANTED as to both types of documents at issue.

Because this Memorandum Order may contain confidential information, it has been released under seal, pending review by the parties to allow them to submit a single, jointly proposed, redacted version (if necessary) of the document. Any such redacted version shall be submitted by no later than **December 28, 2018** for review by the Court, along with a motion for

redaction that includes a clear, factually detailed explanation as to why disclosure of any proposed redacted material would “work a clearly defined and serious injury to the party seeking closure.” *Pansy v. Borough of Stroudsburg*, 23 F.3d 772, 786 (3d Cir. 1994) (internal quotation marks and citation omitted). The Court will subsequently issue a publicly-available version of its Memorandum Order.

Dated: December 21, 2018



Christopher J. Burke
UNITED STATES MAGISTRATE JUDGE