



Dual-Purpose, Patent Analysis Documents Found Immune from Discovery under Work Product Doctrine

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In this case, Micron sought production of several documents related to the evaluation and acquisition of certain patents—documents Micron characterized as being created for a business purpose. However, Limestone refused to produce the documents on the bases of attorney-client privilege and work product immunity, and a motion to compel followed.

Micron argued that Limestone lacked standing to withhold the documents that Limestone's parent company created before it acquired the patents-in-suit, some of which were created before Limestone existed as a corporation. According to Micron, Limestone could not anticipate litigation before it existed. Micron also argued the documents were not entitled to privilege or work product protections because they were created for a business purpose, i.e., evaluating the patents for potential acquisition, not for litigation. More specifically, Micron argued that, under *Griffith v. Davis*, 161 F.R.D. 687, 698 (C.D. Cal. 1995), the documents could not qualify as attorney work product because they were “dual-purpose”—having been created for a business purpose, even if they also touched on legal issues—and would have been created even if the complaint had never been filed.

Limestone countered that for documents providing business and legal advice that is “inseparably interrelated,” the *Torf* standard supplanted the “primary purpose” standard, and as a result, its documents should be protected. According to Limestone, under *United States v. Torf (In re Grand Jury Subpoena)*, 357 F.3d 900, 907 (9th Cir. 2004), “the test for [such] work-product protection is not whether litigation was a primary or secondary motive behind the creation of a document, but rather whether, under the totality of the circumstances, it can

fairly be said that the document was created *because of* anticipated litigation.” Limestone further reasoned, “[c]learly, there is no reason to exercise an option on a patent if there is a legal decision not to assert such a patent.”

Notably, neither party distinguished the legal standards to be applied to documents withheld as work product versus documents withheld on the basis of attorney-client privilege. In its decision, the Discovery Master clarified these standards, emphasizing that for privilege to apply, a communication must be made for the purpose of securing or providing legal advice. And when the communication involves in-house counsel with business responsibilities, the “primary purpose” of the communication must have been to obtain or provide legal advice. In contrast, work product is an immunity that protects documents if they are “prepared or obtained because of the prospect of litigation,” regardless of “whether litigation was a primary or secondary motive” in their creation. And this is true even if the documents are created prior to acquisition of the asserted patents because one consideration for acquisition could be possible litigation strategy.

Applying these standards, the Discovery Master found several of Limestone’s documents qualified for work product protection because “the business and legal elements of counsel’s advice [in them were] inextricably intertwined.” The “business analysis was permeated by a concurrent legal purpose, namely evaluating the legal strength and enforceability of the asserted patents.” The Discovery Master reasoned that Limestone’s parent company intended to enforce the asserted patents and created the withheld documents concurrently with the preparation of the complaint, which was filed soon after the patents were acquired.

The Discovery Master also held several of Limestone’s documents protected by the attorney-client privilege because “despite the fact that a business evaluation of the patents-in-suit and the Non-Acquired Patents may have been occurring simultaneously through parallel channels and in some instances involving outside counsel, each of the specific communications [] was generated primarily for the purpose of obtaining legal advice.” In other words, the documents would not have been generated if Limestone and its parent were merely engaged in their regular business of evaluating and purchasing patents.

On the other hand, the Discovery Master ordered Limestone to produce some of the documents on its privilege log, including email chains and attachments, because based solely on their contents, he could not determine whether they should be privileged or constitute work-product. The Discovery Master noted that Limestone had not provided sufficient

evidence to conclude that they should, highlighting that it had not provided declarations by any of the persons who authored or received the documents.

Practice Tip: Parties involved in discovery of pre-suit documents should consider whether such documents were created with litigation in mind. If so, those documents may be protected by work-product immunity or as privileged, but those labels should be applied thoughtfully based on the applicable legal standards. Parties desiring to protect documents that have concurrent business and legal purposes may have the best chance of excluding them from discovery if they explicitly state their legal purpose in the documents themselves. And, if it is not clear from the four corners of the documents, supplemental evidence, such as declarations from those persons involved in their creation or communication, may support a claim that protection should apply.

Limestone Memory Systems LLC v. Micron Technology, Inc. et al, 8-15-cv-00278 (CACD 2019-02-19, Order) (Roy Silva)

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