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Federal Patent-Agent Privilege Not Recognized in Texas State Courts

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Finding that Texas state courts lacked authority to recognize common-law discovery privileges, the Texas Court of Appeals for the Fifth District refused to recognize the US Court of Appeals for the Federal Circuit's recently adopted "patent-agent privilege" for communications with a non-lawyer patent agent relating to patent prosecution. *In re Silver*, Case No. 05-16-00774 (Tex. App., Aug. 17, 2016) (Stoddart, J) (Evans, J, dissenting).

The original proceeding involved a contract dispute relating to a patent purchase agreement. As part of that proceeding, the defendant requested that the patent owner and inventor, Andrew Silver, produce communications that included approximately 300 emails between Silver and his patent agent. The email communications fell within two categories: those relating directly to patent prosecution, and others relating to the merits of the underlying litigation, but not patent prosecution. Silver argued that all of the emails were properly withheld as privileged in view of the Federal Circuit's recognition of a patent-agent privilege in *In re: Queen's University at Kingston (IP Update, Vol. 19, No. 4). The defendant disagreed and sought an order compelling production. Finding that it lacked authority to recognize common-law discovery privileges under Texas law, the trial court ordered production of all the withheld emails.*

The Texas Appeals Court agreed with the trial court's analysis*, explaining that because the substance of the underlying dispute was not based* on issues of federal patent law, *the Federal Circuit's Queen's University* holding was not binding on the Texas state courts. The Court further noted that whereas the federal rules of evidence specifically permit federal courts to determine new discovery privileges, the only privileges recognized in Texas are those grounded in the Texas Constitution, statutes, the Texas Rules of Evidence and other rules established pursuant to statute. For these reasons, the Court denied the relator's *mandamus* petition seeking relief from an order requiring production of all communication between an alleged inventor and his patent agent.

The dissent credited Silver's argument that Rule 503 of the Texas Rules of Evidence provides authority for recognizing the patent-agent privilege and, as a result, the patent-agent privilege was not properly characterized as a common-law discovery privilege. According to the dissent, Rule 503 (Lawyer-Client Privilege) defines a lawyer as "a person authorized . . . to practice law in any state or nation." Relying on the same Supreme Court of the United States authority cited in *Queen's University*, the dissent found that a patent agent is a person authorized to practice law for

the limited purpose of preparation and prosecution of patent applications in the United States. As a result, the dissent found that the Texas court had discretion to recognize a patent-agent privilege, but lacked discretion to recognize that patent agents were authorized to practice law for a limited purpose. The dissent would have permitted the plaintiff to withhold the communications related directly to patent prosecution, but not those relating to the merits of the underlying litigation.

The dissent further noted that recognition of the patent-agent privilege would promote uniformity in state and federal court litigation and warned that a contrary decision might encourage satellite state court litigation as an opportunity to discover such communications privileged from discovery in federal court patent litigation.

Practice Note: A plaintiff's "well-pleaded complaint" determines whether federal jurisdiction is properly invoked. Plaintiffs who may be affected by a state court's refusal to recognize a patent-agent privilege may have the opportunity to structure their complaint so as to invoke federal court jurisdiction. Many considerations typically influence whether a plaintiff brings a case in a state or federal court. Defendants may remove any claim for relief "arising under any Act of Congress relating to patents" under 28 USC § 1454, but that provision requires remand of state law claims (*e.g.*, "pure" contract claims) where no supplemental jurisdiction otherwise exists. Upon remand, simultaneous litigation in both federal and state courts may result.

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