

**UNITED STATES DISTRICT COURT
NORTHERN DISTRICT OF ILLINOIS
EASTERN DIVISION**

BEIJING CHOICE ELECTRONIC)	
TECHNOLOGY CO., LTD.,)	
)	
Plaintiff,)	
)	No. 18 C 825
v.)	
)	Judge Sara L. Ellis
CONTEC MEDICAL SYSTEMS USA, INC.,)	
and CONTEC MEDICAL SYSTEMS CO.,)	
LTD.)	
)	
Defendants.)	

ORDER

The Court grants in part and denies in part Plaintiff Beijing Choice Electronic Technology Co., Ltd.’s Motion to Compel [162]. The Court orders Veridian to disclose document numbers 1, 2, 3, 4, and 6 in Veridian’s privilege log by January 24, 2020. See Statement.

STATEMENT

On January 31, 2018, Beijing Choice Electronic Technology Co., Ltd. (“Choice”) brought this lawsuit against Contec Medical Systems USA, Inc. and Contec Medical Systems Co., Ltd. (collectively, “Contec”), for allegedly infringing on Choice’s patents related to fingertip pulse oximeters (the “Patent Lawsuit”). On February 5, Mandy Song, an attorney representing Choice, sent a cease and desist letter (“Song Letter”) to six of Contec’s distributors, including Veridian Healthcare LLC (“Veridian”). The Song Letter asked Veridian to immediately cease all sales of the allegedly infringing oximeters. The next day, February 6, Veridian sent an email to Contec asking for advice regarding the Song Letter and how best to proceed. Veridian and Contec subsequently exchanged several more emails referencing the Patent Lawsuit. Choice subsequently subpoenaed certain documents from Veridian, and Veridian identified six emails it sought to withhold as privileged attorney-client communications and attorney work product. Choice now moves the Court to compel Veridian to disclose the emails.

The Court has broad discretion in ruling on a motion to compel, *James v. Hyatt Regency Chicago*, 707 F.3d 775, 784 (7th Cir. 2013), and may “fashion a ruling appropriate for the circumstances of the case.” *Gile v. United Airlines, Inc.*, 95 F.3d 492, 496 (7th Cir. 1996). “The burden rests upon the objecting party to show why a particular discovery request is improper.” *Medicines Co. v. Mylan Inc.*, 936 F. Supp. 2d 894, 899 (N.D. Ill. 2013).

Because these issues are not unique to patent law, the Court applies the law of the Seventh Circuit. *Medicines Co. v. Mylan Inc.*, 936 F. Supp. 2d 894, 900 (N.D. Ill. 2013); *McCook Metals L.L.C. v. Alcoa Inc.*, 192 F.R.D. 242, 251 (N.D. Ill. 2000). The attorney-client privilege protects a client’s confidential communications to an attorney for the purpose of seeking legal advice. *See United States v. Evans*, 113 F.3d 1457, 1461 (7th Cir. 1997) (citation omitted). It also protects communications from an attorney to her client “only if they constitute legal advice, or tend directly or indirectly to reveal the substance of a client confidence.” *United States v. Defazio*, 899 F.2d 626, 635 (7th Cir. 1990). “[B]ecause the privilege is in derogation of the search for the truth, it is construed narrowly.” *Evans*, 113 F.3d at 1461.

Veridian is a third party, and normally disclosure of a communication to a third party waives any claim of attorney-client privilege. *Evans*, 113 F.3d at 1462. (“[T]he attorney-client privilege will not shield from disclosure statements made by a client to his or her attorney in the presence of a third party who is not an agent of either the client or attorney.”). Veridian nonetheless argues it can assert the attorney-client privilege by virtue of the common interest doctrine, which extends the privilege to “otherwise non-confidential communications” made to third parties. *United States v. BDO Seidman, LLP*, 492 F.3d 806, 815 (7th Cir. 2007) (“[T]he common interest doctrine is really an exception to the rule that no privilege attaches to communications between a client and an attorney in the presence of a third person.”). The parties asserting the privilege must have a common legal interest, and the doctrine only extends to those communications “made in the course of an ongoing common enterprise and intended to further the enterprise.” *Evans*, 113 F.3d at 1467 (citation omitted).

The work product doctrine “is distinct from and broader than the attorney-client privilege.” *Appleton Papers, Inc. v. E.P.A.*, 702 F.3d 1018, 1024 (7th Cir. 2012) (quoting *United States v. Nobles*, 422 U.S. 225, 238 n.11, 95 S. Ct. 2160, 45 L. Ed. 2d 141 (1974)). Attorney work product consists of “the mental impressions, conclusions, opinions, or legal theories of a party’s attorney or other representative concerning the litigation.” Fed. R. Civ. P. 26(b)(3)(B). Similar to the attorney-client privilege, the doctrine only protects documents that are “primarily legal in nature.” *RBS Citizens, N.A. v. Husain*, 291 F.R.D. 209, 217 (N.D. Ill. 2013) (citing *Loctite Corp. v. Fel-Pro, Inc.*, 667 F.2d 577, 582 (7th Cir. 1981)). The threshold question is whether the material was prepared in anticipation of litigation. *Id.* “Because the work-product doctrine serves to protect an attorney’s work product from falling into the hands of an adversary, a disclosure to a third party does not automatically waive work-product protection.” *Miller UK Ltd. v. Caterpillar, Inc.*, 17 F. Supp. 3d 711, 735–36 (N.D. Ill. 2014). A disclosure that “substantially increase[s] the opportunities for potential adversaries to obtain the information” reduces the interest in maintaining confidentiality and thereby waives the work product protection. *Appleton*, 702 F.3d at 1025.

With respect to document numbers 1, 2, 3, 4, and 6 in Veridian’s privilege log, Doc. 171 at 3, Veridian has not shown that a privilege attaches to these documents. Veridian asserts the emails contain confidential communications between Contec and Contec’s counsel, which Contec shared with Veridian for the purpose of coordinating a defense strategy to avoid potential allegations of infringement. But from the Court’s review, the documents do not “reveal the substance of a client confidence.” *Defazio*, 899 F.2d at 635. Nor is it apparent that they contain “the mental impressions, conclusions, opinions, or legal theories” of Contec’s attorney. *Menasha Corp. v. U.S. Dep’t of Justice*, 707 F.3d 846, 847 (7th Cir. 2013) (quoting Fed. R. Civ.

P. 26). Rather, the documents mostly involve business discussions. *See Acosta v. Target Corp.*, 281 F.R.D. 314, 321 (N.D. Ill. 2012) (“The purpose of the communication must be the obtaining or providing of legal advice, not a business discussion.”). They are not “primarily legal in nature” and thus neither privilege applies. *RBS Citizens*, 291 F.R.D. at 217.

Document number 5, by contrast, is primarily legal in nature. It appears to contain a filtered summary of an attorney’s opinions regarding the Patent Lawsuit, which implicates the attorney-client privilege. It also implicates the common interest doctrine. Veridian purchased oximeters from Contec that are now at the center of this lawsuit. After receiving the Song Letter, Veridian reasonably understood that it might face its own lawsuit if it continued to sell the allegedly infringing oximeter. Thus, Veridian reached out to Contec and sought to coordinate its actions to avoid potential litigation. This is more than a common financial or business interest because Veridian “has an actual legal interest” in avoiding liability just as Contec does. *Grochocinski v. Mayer Brown Rowe & Maw LLP*, 251 F.R.D. 316, 327 (N.D. Ill. 2008) (no common legal interest between third party creditor and plaintiff because “[t]he only interest [creditor] has in the litigation is that it hopes it wins so that it can get money”). And because “the privileged status of communications falling within the common interest doctrine cannot be waived without the consent of all of the parties,” *BDO Seidman*, 492 F.3d at 817, the Court finds document number 5 privileged.

For these reasons, Veridian must produce document numbers 1, 2, 3, 4, and 6 referenced in its privilege log. Veridian need not disclose document number 5 on the basis of attorney-client privilege.

Date: January 14, 2020

/s/ Sara L. Ellis