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## AN *ERIE* APPROACH TO PRIVILEGE DOCTRINE

Megan M. La Belle\*

*Erie Railroad Co. v. Tompkins*<sup>1</sup> is no doubt one of the most historically important cases taught to first-year civil procedure students each year.<sup>2</sup> In *Erie*, the Supreme Court overruled the venerable case of *Swift v. Tyson* and held that federal courts sitting in diversity must apply state law—as opposed to federal common law—to substantive questions.<sup>3</sup> Over the past 80 years, the Court has revisited the *Erie* doctrine from time-to-time, announcing various tests to help courts decide whether a rule is substantive or procedural.<sup>4</sup> In *Shady Grove Orthopedic Associates., P.A. v. Allstate Insurance Co.*, its most recent pronouncement on *Erie*, the Court was sharply divided on whether to apply federal or state law on class actions.<sup>5</sup> Though the majority held that the federal rule should control, *Shady Grove* left many questions unanswered.<sup>6</sup>

Almost a decade has passed since *Shady Grove*, and the Court has yet to take up another *Erie* case. Perhaps the Court's lack of activity in this arena should come as no surprise, as *Erie* issues arise in practice relatively infrequently.<sup>7</sup> To be sure, while *Erie* has been cited in hundreds

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\* Professor, The Catholic University of America, Columbus School of Law. This essay was written for the Sixth Annual Constitutional Law Conference at the University of Akron School of Law, “*Erie* at Eighty: Choice of Law Across Disciplines.” The author thanks the participants at that conference for their helpful thoughts and comments, as well as Peter Kim for his excellent research assistance.

1. 304 U.S. 64 (1938).

2. See, e.g., Craig Green, *Repressing Erie's Myth*, 96 CAL. L. REV. 595 (2008) (stating that *Erie* is considered an “icon” and one of the “cultural pillars of our legal architecture”).

3. *Erie*, 304 U.S. at 79–80.

4. See *infra* note 9 (noting the major *Erie* decisions).

5. 559 U.S. 393 (2010).

6. See, e.g., Adam N. Steinman, *Our Class Action Federalism: Erie and the Rules Enabling Act After Shady Grove*, 86 NOTRE DAME L. REV. 1131, 1133 (2011) (“*Shady Grove* may be best remembered for the questions it failed to answer rather than the ones that it did.”).

7. See Stephen M. Shapiro, *Certiorari Practice: The Supreme Court's Shrinking Docket*, LITIG., Spring 1998, at 25, 27 (“On very rare occasions the Court grants certiorari to supervise a federal appellate court's application of state law on the theory that the lower court has fundamentally

of Supreme Court decisions,<sup>8</sup> the major cases can be counted on one hand.<sup>9</sup> Or maybe the cases where *Erie* issues do come up involve conflicts between fairly obscure federal and state rules, and so Supreme Court review is not warranted. The esoteric nature of the *Erie* doctrine, in other words, may cause the Court to turn its attention elsewhere.<sup>10</sup>

One space where *Erie* plays a key role with “real world” implications is privilege doctrine.<sup>11</sup> This past term, the Court had the opportunity to review an *Erie* case—*HannStar Display Corp. v. Sony Electronics, Inc.*—that raised an important question about when federal courts should apply state privilege law.<sup>12</sup> In civil cases, “state law governs privilege regarding a claim or defense for which state law supplies the rule of decision.”<sup>13</sup> That means that federal courts sitting in diversity are supposed to apply state privilege laws. In *HannStar*, however, the U.S. Court of Appeals for the Ninth Circuit applied federal, rather than California, law regarding the mediation privilege, despite the fact that the previously-asserted federal claims had all been dismissed.<sup>14</sup> Though the procedural posture in *HannStar* was somewhat unusual, the case still would have been a good vehicle for the Court to provide some clarity on how federal courts should approach privilege problems in *Erie* cases. For whatever reason, however, the Court denied *HannStar*’s petition for certiorari.<sup>15</sup>

*HannStar* posed a traditional *Erie* problem, meaning the federal court had to decide whether to apply state privilege law. But privilege questions also appear in “reverse-*Erie*” situations where state courts must decide if

misperceived the requirements of the *Erie* doctrine. But this happens only once or twice in a decade.”).

8. See Alexander A. Reinert, *Erie Step Zero*, 85 FORDHAM L. REV. 2341, 2352 n.50 (2017) (stating that 205 Supreme Court cases have cited *Erie*).

9. In addition to *Erie* itself and *Shady Grove*, mentioned above, there are four other major cases: *Guaranty Trust Co. of N.Y. v. York*, 326 U.S. 99 (1945); *Byrd v. Blue Ridge Rural Elec. Coop., Inc.*, 357 U.S. 933 (1958); *Hanna v. Plumer*, 380 U.S. 460 (1965); and *Gasperini v. Ctr. for Humanities, Inc.*, 518 U.S. 415 (1996). See John T. Cross, *Contributory and Vicarious Liability for Trademark Dilution*, 80 OR. L. REV. 625, 665 n.138 (2001).

10. See Earl C. Dudley, Jr. & George Rutherglen, *Deforming the Federal Rules: An Essay on What’s Wrong with the Recent Erie Decisions*, 92 VA. L. REV. 707 (2006) (describing *Erie* as an “esoteric procedural technicality, one whose true meaning is hard to discern and whose application is impossible to predict”); Richard A. Posner, *Foreword: A Political Court*, 119 HARV. L. REV. 31, 34, 66 (2005) (arguing that the Supreme Court is primarily a “political organ” and that the picture of the Justices “poring over esoteric scholarly articles to come to a decision is . . . an unrealistic one”).

11. Reinert, *supra* note 8, at 2376.

12. Petition for Writ of Certiorari, *HannStar Display Corp. v. Sony Elecs., Inc.*, 138 S.Ct. 378 (Mem) (2017) (No. 16-1457), 2017 WL 2460808 at \*1. cert. denied.

13. FED. R. EVID. 501.

14. *Sony Elecs., Inc. v. HannStar Display Corp.* (*In re* TFT-LCD (Flat Panel) Antitrust Litig.), 835 F.3d 1155, 1158–59 (9<sup>th</sup> Cir. 2016).

15. *HannStar Display Corp.*, 138 S.Ct. at 378.

they should apply federal privilege law in certain cases.<sup>16</sup> One recent example is *In re Silver* where the Texas Supreme Court was faced with the question whether to compel production of communications between the plaintiff and his patent agent, a non-attorney.<sup>17</sup> Because the underlying claim was based on state law, the *Silver* court held that it was not bound by the federal patent agent privilege.<sup>18</sup> The court nevertheless spent a lot of time discussing the federal privilege, and ultimately agreed that patent agent communications are privileged and should be protected from disclosure under Texas law.<sup>19</sup>

This short essay considers the *HannStar* and *Silver* cases and begins a discussion of the impact that the *Erie* doctrine has—and, more importantly, ought to have—on privilege law. While *Erie* is considered by many as “one of the modern cornerstones of our federalism,”<sup>20</sup> the doctrine is important too for the change it can effect through the cross-pollination of ideas among tribunals.<sup>21</sup> Because privilege laws reflect deliberate policy choices by legislatures and courts, the *Erie* doctrine arguably plays a particularly vital role in developing this area of the law.

## I. STATE VS. FEDERAL PRIVILEGE LAW

Evidentiary privileges have existed in some form since our nation’s legal system was born.<sup>22</sup> Historically, federal privileges were developed through common law, while state privileges often were creatures of statutory law.<sup>23</sup> Early on, conflicts about applying federal vs. state

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16. See *Danforth v. Minnesota*, 552 U.S. 264, 307 n.3 (2008) (Roberts, J., dissenting) (“A federal court applying state law . . . is not free to follow its own federal rule simply because the issue arises in federal court. By the same token, a state court considering a federal constitutional claim . . . is not free to follow its own state-law view on the question simply because the issue arises in state court.”); *Felder v. Casey*, 487 U.S. 131, 161 (1988) (O’Connor, J., dissenting) (“[T]he Court opines today that state courts hearing federal suits are obliged to mirror federal procedures to the same extent that federal courts are obliged to mirror state procedures in diversity suits.”); see also Kevin M. Clermont, *Reverse-Erie*, 82 NOTRE DAME L. REV. 1, 4 (2006) (“Reverse-Erie occupies the opposite side of the federalism coin from that occupied by the classic *Erie* cases. In state court, when does state law apply and when does federal law apply?”).

17. *In re Silver*, 540 S.W.3d 530 (Tex. 2017).

18. *Id.* at 534.

19. *Id.* at 539. (holding that certain patent agent communications may be protected, if they are “confidential communications made to facilitate the rendition of professional legal services.”).

20. *Hanna v. Plumer*, 380 U.S. 460, 474 (1965) (Harlan, J., concurring).

21. See *infra* notes 85–90.

22. Martin I. Kaminsky, *State Evidentiary Privileges in Federal Civil Litigation*, 43 FORDHAM L. REV. 923, 924–25 (1975).

23. Timothy P. Glynn, *Federalizing Privilege*, 52 AM. U. L. REV. 59, 87 (2002); Kaminsky, *supra* note 22, at 924–25; Walter V. Stafford, *Evidentiary Privileges in the Federal Courts*, 52 CAL. L. REV. 639, 641 (1964).

privilege law were rare.<sup>24</sup> But that began to change after 1938—the year the Federal Rules of Civil Procedure (FRCP) were adopted and *Erie* was decided. For starters, FRCP 43(a) instructed courts to follow rules that “favor[] the reception of the evidence,”<sup>25</sup> prompting some federal courts to reject state privilege laws. *Erie* and its progeny also forced federal courts to grapple with the question whether privileges were substantive or procedural in nature, and the courts reached different conclusions.<sup>26</sup> In the end, courts were all over the map about what privilege law to apply, thus sparking a call for reform.

After years of discussion and debate, the Federal Rules of Evidence (FRE) were finally enacted in 1975. As initially proposed, the FRE would have codified nine specific federal privileges.<sup>27</sup> That approach, which almost doomed the FRE project as a whole, was ultimately rejected by Congress and FRE 501 was adopted instead.<sup>28</sup> Federal Rule of Evidence 501 says that “[t]he common law—as interpreted by United States courts in the light of reason and experience—governs a claim of privilege unless” the U.S. Constitution, a federal statute, or Supreme Court rules provide otherwise.<sup>29</sup> Rule 501 further states that, “in a civil case, state law governs privilege regarding a claim or defense for which state law supplies the rule of decision.”<sup>30</sup> This means that federal common law applies to privilege issues in civil matters based on federal law, while state privilege applies when the underlying civil claim is based on state law.<sup>31</sup> FRE 501 is silent, however, on which privilege law applies when a lawsuit involves both federal and state law claims. Although Congress clearly

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24. Kaminsky, *supra* note 22, at 926.

25. FED. R. CIV. P. 43(a) provided: “All evidence shall be admitted which is admissible under the statutes of the United States, or under the rules of evidence heretofore applied in the courts of the United States on the hearing of suits in equity, or under the rules of evidence applied in the courts of general jurisdiction of the state in which the United States court is held. In any case, the statute or rule which favors the reception of the evidence governs and the evidence shall be presented according to the most convenient method prescribed in any of the statutes or rules to which reference is herein made.”

26. Kaminsky, *supra* note 22, at 929–30.

27. FED. R. EVID. 501 advisory committee’s note to 1974 enactment. The nine privileges included: “required reports, lawyer-client, psychotherapist-patient, husband-wife, communications to clergymen, political vote, trade secrets, secrets of state and other official information, and identity of informer.” *Id.*

28. Symposium, *Giving Codification A Second Chance-Testimonial Privileges and the Federal Rules of Evidence*, 53 HASTINGS L.J. 769-70 (2002).

29. FED. R. EVID. 501.

30. *Id.*

31. *Id.*

contemplated this problem, as reflected in the Committee notes, it was unable to reach resolution.<sup>32</sup>

In adopting FRE 501, Congress made clear that it “left the law of privileges in its present state.”<sup>33</sup> That said, Congress never expected for federal privilege law to remain static; instead, it instructed federal courts to continue to develop privilege doctrine “in the light of reason and experience.”<sup>34</sup> As the Supreme Court has explained, federal courts have the power to define or create “new privileges by interpreting ‘common law principles.’”<sup>35</sup> Rule 501 “did not freeze the law governing the privileges of witnesses in federal trials at a particular point in our history, but rather directed federal courts to ‘continue the evolutionary development of testimonial privileges.’”<sup>36</sup> As part of that evolutionary development, federal courts ought to give due consideration to state law privileges, but sometimes give them short shrift.

#### A. *HannStar v. Sony*

Sony Electronics, Inc., who purchased liquid crystal display (LCD) products from HannStar Display Corporation, accused HannStar of participating in a price-fixing conspiracy that violated the antitrust laws.<sup>37</sup> In 2010, Sony and HannStar agreed to mediate their dispute and entered into a tolling agreement.<sup>38</sup> The mediator sent an email to the parties on March 25, 2012 stating that he was authorized to make a “mediator’s proposal.”<sup>39</sup> His proposal was to settle the matter for \$4.1 million, subject to the execution of an appropriate settlement agreement.<sup>40</sup> The mediator instructed the parties that they must respond either “accept” or “reject” only; no negotiation was permitted.<sup>41</sup> Two days later, Sony and HannStar both wrote to the mediator accepting his proposal. Ultimately, however, HannStar backed out of the deal, and Sony sued HannStar in federal court

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32. FED. R. EVID. 501 advisory committee’s note to 1974 enactment (“Another problem not entirely avoidable is the complexity or difficulty the rule introduces into the trial of a Federal case containing a combination of Federal and State claims and defenses, e.g. an action involving Federal antitrust and State unfair competition claims. Two different bodies of privilege law would need to be consulted.”); *see also* Kaminsky, *supra* note 22, at 954–60.

33. FED. R. EVID. 501 advisory committee’s note to 1974 enactment.

34. FED. R. EVID. 501.

35. *Jaffee v. Redmond*, 518 U.S. 1, 8 (1996) (quoting FED. R. EVID. 501).

36. *Jaffee*, 518 U.S. at 9 (quoting *Trammel v. United States*, 445 U.S. 40, 47 (1980)).

37. *Hannstar*, 835 F.3d at 1156. In 2010, HannStar entered into a plea agreement in which it admitted to participating in such a conspiracy. *Id.*

38. *Id.* at 1157.

39. *Id.*

40. *Id.*

41. *Id.*

asserting federal and state antitrust claims, a state law fraud claim, and a state law breach of contract claim for HannStar's alleged failure to honor the mediator's proposal.<sup>42</sup>

Before filing suit against HannStar, Sony had sued several other defendants allegedly involved in the LCD price-fixing scheme.<sup>43</sup> When that litigation concluded, Sony dismissed its antitrust claims against HannStar, and continued only to pursue the breach of contract claim.<sup>44</sup> HannStar then moved to dismiss for lack of subject matter jurisdiction, but the motion was denied because the court had jurisdiction under the diversity statute, 28 U.S.C. § 1332.<sup>45</sup> Subsequently, Sony moved for summary judgment on its breach of contract claim and sought to admit communications made during the mediation. HannStar objected on the ground that the statements were inadmissible pursuant to California Evidence Code §§ 1119 and 1123, collectively referred to as the "mediation privilege."<sup>46</sup> Section 1119 provides, in relevant part, that:

Except as otherwise provided in this chapter:

No evidence of anything said or any admission made for the purpose of, in the course of, or pursuant to, a mediation or a mediation consultation is admissible or subject to discovery, and disclosure of the evidence shall not be compelled, in any arbitration, administrative adjudication, civil action, or other noncriminal proceeding in which, pursuant to law, testimony can be compelled to be given.<sup>47</sup>

Section 1123(b) goes on to say that, despite this general prohibition against disclosure, executed agreements that make clear they are "enforceable or binding" will be admissible.<sup>48</sup>

Because subject matter jurisdiction was based on diversity, California privilege law controlled. Applying the mediation privilege, the

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42. *Id.* at 1157–58; Petition for Writ of Certiorari, *supra* note 12, at \*2.

43. *See In re TFT-LCD (Flat Panel) Antitrust Litig.*, 637 Fed.App'x 981 (9<sup>th</sup> Cir. 2016).

44. *Hannstar*, 835 F.3d at 1157-58.

45. *Id.* at 1158.

46. *Id.*

47. CAL. EVID. CODE § 1119(a) (West 2018).

48. CAL. EVID. CODE § 1123 (West 2018). In full, that section provides: "A written settlement agreement prepared in the course of, or pursuant to, a mediation, is not made inadmissible, or protected from disclosure, by provisions of this chapter if the agreement is signed by the settling parties and any of the following conditions are satisfied: (a) The agreement provides that it is admissible or subject to disclosure, or words to that effect. (b) ***The agreement provides that it is enforceable or binding or words to that effect.*** (c) All parties to the agreement expressly agree in writing, or orally in accordance with Section 1118, to its disclosure. (d) The agreement is used to show fraud, duress, or illegality that is relevant to an issue in dispute." *Id.* § 1123 (emphasis added). Sony was relying on § 1123(b) to argue their agreement with HannStar was subject to disclosure.

district court held that the communications were inadmissible because the exception in § 1123(b) did not apply, meaning the agreement between Sony and HannStar did not expressly state that the parties intended it to be enforceable or binding.<sup>49</sup> In reaching this conclusion, the district court emphasized that California courts have strictly construed these statutory provisions, making clear that a communication is inadmissible unless it “falls squarely within an express statutory exception to mediation confidentiality,” even where, as here, the result may seem inequitable.<sup>50</sup> The parties then stipulated to judgment for HannStar and Sony appealed.

On appeal, Sony relied on a recently-decided Ninth Circuit case, *Wilcox v. Arpaio*, to argue that the district court should have applied federal law instead of the California mediation privilege.<sup>51</sup> In *Wilcox*, plaintiffs sued Maricopa County under 42 U.S.C. § 1983 and various Arizona state law claims for violating their civil rights.<sup>52</sup> The parties then entered mediation, and the county allegedly agreed to settle for \$975,000. But when the county backed out and failed to pay, plaintiffs filed a motion to enforce the settlement.<sup>53</sup> In support of their motion, plaintiffs offered communications from the mediation, which the county claimed were protected from disclosure by Arizona’s mediation privilege.<sup>54</sup> The district court and Ninth Circuit both agreed with plaintiffs, admitted the mediation statements, and enforced the settlement agreement. In so doing, the Ninth Circuit explicitly considered the choice-of-law question and held that, in federal question cases, federal courts are not bound by state law where the same evidence relates to both federal and state law claims.<sup>55</sup> The court went on to say that it was not deciding whether, in federal question cases, “state or federal privilege law governs the admissibility of evidence that relates exclusively to state law claims.”<sup>56</sup> Nor did the court decide whether to adopt a federal mediation privilege because the county waived that argument.<sup>57</sup>

Turning back to *HannStar*, in a remarkably terse 2-1 opinion, the Ninth Circuit agreed with Sony that *Wilcox* controlled and reversed the

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49. *HannStar*, 835 F.3d at 1158.

50. *In re TFT-LCD (Flat Panel) Antitrust Litig.*, No. M 07-1827 SI, MDL No. 1827, No. C 12-02214 SI, 2013 WL 6326707, at \*2 (N.D. Cal. Dec. 3, 2013), *rev’d and remanded*, 835 F.3d 1155 (9th Cir. 2016).

51. *Wilcox v. Arpaio*, 753 F.3d 872 (9th Cir. 2014).

52. *Id.* at 874.

53. *Id.*

54. *Id.* at 875.

55. *Id.* at 876.

56. *Id.* at 876 n.3.

57. *Id.* at 877.



district court.<sup>58</sup> The majority admitted that this case was different than *Wilcox* since all federal claims had been dismissed.<sup>59</sup> But it nonetheless held that *Wilcox* was on point because “at the time the parties engaged in mediation, their negotiations concerned (and the mediated settlement settled) both federal and state law claims.”<sup>60</sup> By deciding that federal rather than California privilege law controlled, the majority avoided a potentially difficult question of state law—i.e., whether the trial court was correct in finding that the agreement between Sony and HannStar failed to provide it was enforceable or binding as required by Cal. Evid. Code § 1123.<sup>61</sup> The dissent, on the other hand, concluded that the district court properly applied California privilege law because, at the time Sony moved for summary judgment, “the action no longer involved any federal issue, [so] the evidence could not relate to a federal claim.”<sup>62</sup>

Notably, the court in *HannStar*—unlike in *Wilcox*—said very little about the choice-of-law analysis. And what the court does say is odd. Although jurisdiction in *HannStar* was based on diversity, the court cites *Agster v. Maricopa County*<sup>63</sup> for the proposition that “[w]here there are federal question claims and pendent state law claims present, the federal law of privilege applies.”<sup>64</sup> Moreover, the court suggests that the choice-of-law analysis should be different for cases involving settlement agreements but fails to explain why.<sup>65</sup> Finally, and perhaps most significantly, the *HannStar* court spends almost no time on the competing state law. There’s no discussion of the policy behind the mediation privilege, no consideration of the potential impact non-enforcement of California’s rule might have, and no mention whatsoever of federal courts recognizing a mediation privilege of their own.

*HannStar* is a tough case because, arguably, it came to the “right” result for the parties in that case—the Ninth Circuit prevented HannStar from backing out of the deal it had made.<sup>66</sup> To get there, though, the court

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58. *Sony Elecs., Inc. v. HannStar Display Corp.* (In re TFT-LCD (Flat Panel) Antitrust Litig.), 835 F.3d 1155, 1158–59 (9th Cir. 2016).

59. *Id.*

60. *Id.* at 1159.

61. *See supra* notes 47–48.

62. *Hannstar*, 835 F.3d at 1159 (Lynn, J., dissenting).

63. 422 F.3d 836, 839 (9th Cir. 2005).

64. *Hannstar*, 835 F.3d at 1158.

65. *Id.* (stating that in *Wilcox* “[W]e clarified the meaning of [FRE 501] for a state suit to enforce a settlement of both federal and state claims.”).

66. A review of the transcript from oral argument indicates that Judge Graber believed this case was settled and HannStar should have to abide by that agreement. *See* Transcript of Oral Argument, *Hannstar*, 835 F.3d 1155 (No. 14-15916), 2016 WL 4595814. (“Your client could accept [the mediator’s proposal], your client could reject it. And what it said, is the matter is going to be

had to ignore important *Erie*-related questions—e.g., under *Erie* and FRE 501, why should federal privilege law apply where the underlying evidence relates only to a state law claim and jurisdiction is based exclusively on diversity? Will applying federal law in the case lead to different treatment of diverse litigants and/or encourage forum shopping? Equally troubling is the Ninth Circuit’s failure to take into account California’s interest in having its privilege law apply—a law that the California legislature intentionally made broad “to encourage the candor necessary to a successful mediation.”<sup>67</sup> While *HannStar* failed to take the competing privilege law into account, *Silver* dealt with it head on.

### B. *In re Silver*

Andrew Silver owned a patent on the Ziosk, a tablet that allows restaurant customers to order and pay without having to interact with a server.<sup>68</sup> Silver claimed that he sold the patent to TableTop Media LLC, and that he was owed royalties pursuant to the parties’ patent purchase agreement. After Silver sued for breach of contract in Texas state court, TableTop sought production of hundreds of communications between Silver and his patent agent, who was not a lawyer.<sup>69</sup> Although a full description of the role of patent agents is unnecessary,<sup>70</sup> suffice it to say that they are technically-trained non-lawyers who: (i) have passed the Patent Registration Exam administered by the U.S. Patent & Trademark Office (PTO); and (ii) are authorized to draft patent applications and negotiate with the PTO to issue patents, which, according to the U.S. Supreme Court, is “the practice of law.”<sup>71</sup>

Silver refused to respond to TableTop’s request for production on the grounds that the communications should be protected by the patent-agent privilege—a common law privilege that had been recently created in *In re Queen’s Univ. at Kingston* by the U.S. Court of Appeals for the Federal Circuit, the appellate court with exclusive jurisdiction over patent cases.<sup>72</sup> Notably, shortly before the Federal Circuit decided *Queen’s*, the PTO launched its own efforts to protect patent agent communications.<sup>73</sup> Those

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settled no litigation. That’s the whole point of it. . . . I guess I just have difficulties seeing why that isn’t words to the effect that all you can do is accept it and if you accept it, it’s settled.”)

67. Cassel v. Superior Court, 51 Cal. 4th 113, 117 (2011).

68. *In re Silver*, 540 S.W.3d 530, 532-33 (Tex. 2018).

69. *Id.* at 533.

70. For a longer discussion of the history and current status of patents agents, see Megan M. La Belle, *Privilege for Patent Agents*, 23 B.U. J. SCI. & TECH. L. 350 (2017).

71. *Sperry v. Florida*, 373 U.S. 379, 385 (1963).

72. 820 F.3d 1287 (Fed. Cir. 2016).

73. La Belle, *supra* note 70, at 366.

efforts ultimately culminated in the PTO promulgating a rule entitled “Privilege for patent practitioners” that is, in some ways, broader than the Federal Circuit’s common law privilege.<sup>74</sup>

TableTop moved to compel Silver to produce the communications with his patent agent arguing that state law—which did not recognize a patent agent privilege—should apply since the underlying claim was for breach of contract. The trial court agreed with TableTop and granted the motion to compel. Silver sought mandamus relief, which the court of appeals denied in a 2-1 decision.<sup>75</sup> The majority found that the federal patent agent privilege did not apply because this was a state law contract dispute. Because Texas did not recognize a patent agent privilege, and the court declined to create one, the majority upheld the order granting TableTop’s motion to compel.<sup>76</sup> Silver then sought mandamus review at the Texas Supreme Court.

In an opinion issued last year, the Texas Supreme Court reversed and held that Silver’s communications with his patent agent were privileged.<sup>77</sup> This conclusion, though obviously important for patent agents and their clients, is less notable for our purposes than the court’s analysis in this “reverse-*Erie*” case. From the start, the court said that the case was governed by state law and, thus, was not bound by the federal patent-agent privilege. The court, naturally, could have stopped there and simply affirmed the lower courts’ decisions to compel production. But instead, the Texas Supreme Court recognized the federal interest at stake, considered federal law on the issue as persuasive authority,<sup>78</sup> and ultimately decided that the Texas statute governing lawyer-client privilege “extends to communications between a registered patent agent and the agent’s client.”<sup>79</sup> Specifically, Texas Rule of Evidence 503 defines “lawyer” for purposes of privilege as “a person authorized. . . to practice law in any state or nation.”<sup>80</sup> Thus, because patent agents are authorized to practice law before the PTO, which is in this nation, the court held that their communications fall within the attorney-client privilege.<sup>81</sup>

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74. 37 C.F.R. § 42.57.

75. *In re Silver*, 540 S.W.3d 530, 533 (Tex. 2018).

76. *Id.*

77. *Id.* at 532.

78. *Id.* at 534 (“Both cases may be viewed as persuasive authority that the work of a registered patent agent is the practice of law, although neither speaks directly to the meaning of the phrase under Texas law.”).

79. *Id.* at 533.

80. TEX. R. EVID. 503(a)(3) (emphasis added).

81. *Silver*, 540 S.W.3d at 538.

Even though the court in *Silver*, like in *HannStar*, decided to apply its own law, that's where the similarities between the cases end. To begin, the Texas Supreme Court got the *Erie* analysis (or, more precisely, the reverse-*Erie* analysis) right by applying state law since the only claim in *Silver* was a state law claim, whereas the Ninth Circuit botched it in *HannStar* by applying federal law when only a state law claim remained. An even starker difference is how the two courts treated the competing privilege. In *HannStar*, the Ninth Circuit hardly discussed the California mediation privilege at all, other than explaining how the district court applied it.<sup>82</sup> The *Silver* court, by contrast, carefully considered the federal patent agent privilege and ultimately interpreted Texas privilege law in a way that was consistent with the federal rule.<sup>83</sup> This “cross-pollination” and “migration of ideas” that we see in *Silver* is a key benefit of *Erie* that should be encouraged and embraced for the development of privilege doctrine.<sup>84</sup>

## II. PRIVILEGE DOCTRINE AND CROSS-POLLINATION

The *Erie* doctrine can be complicated, vague, and quite difficult to apply.<sup>85</sup> It's no wonder that some courts shy away from *Erie* problems, as the Ninth Circuit did in *HannStar*. Yet, for all the work *Erie* requires, a real upside is the opportunity for “intersystemic cross-pollination.”<sup>86</sup> Intersystemic cross-pollination, which has a long history in American jurisprudence, refers to the interaction between federal and state courts when reviewing each other's laws.<sup>87</sup> As Martin Redish explains:

State courts have, since the nation's founding, played an important role as interpreters and enforcers of federal law. Similarly, the federal judiciary has had the opportunity to place its mark on the evolution of

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82. *Sony Elecs., Inc. v. HannStar Display Corp.* (In re TFT-LCD (Flat Panel) Antitrust Litig.), 835 F.3d 1155, 1158 (9th Cir. 2016).

83. *Silver*, 540 S.W.3d at 533.

84. See Bradford R. Clark, *Ascertaining the Laws of the Several States: Positivism and Judicial Federalism After Erie*, 145 U. PA. L. REV. 1459, 1562 (1997).

85. See, e.g., Abbe R. Gluck, *Intersystemic Statutory Interpretation: Methodology As “Law” and the Erie Doctrine*, 120 YALE L.J. 1898, 1903 n.4 (2011) (discussing the “complicated *Erie* story”).

86. Martin H. Redish, *Reassessing the Allocation of Judicial Business Between State and Federal Courts: Federal Jurisdiction and “The Martian Chronicles,”* 78 VA. L. REV. 1769, 1772 (1992); see also Gluck, *supra* note 85, at 1992 (urging federal courts to be open to “cross-systemic pollination of interpretive theory”); Geri J. Yonover, *A Kinder, Gentler Erie: Reining in the Use of Certification*, 47 ARK. L. REV. 305, 325–26 (1994) (“[F]ederal court ascertainment of state law, even if subsequently proven wrong, has a positive, normative effect on the development of state law. . .”).

87. Redish, *supra* note 86, at 1772–73; see also Francis E. McGovern, *Rethinking Cooperation Among Judges in Mass Tort Litigation*, 44 UCLA L. REV. 1851, 1867 (1997).

both state common law and statutory interpretation. In both cases, it is accurate to say that each level of sovereignty has benefited from the thoughtful input of the other.<sup>88</sup>

Redish goes on to say that it's hard to know whether this intersystemic cross-pollination was intentional or purely a fortuitous consequence of our jurisdictional framework.<sup>89</sup> Either way, he argues, the evolution of American law has benefitted from it.<sup>90</sup>

With respect to privilege law, however, the intentions are rather clear. In enacting FRE 501, Congress expected federal courts to develop privilege doctrine “in the light of reason and experience.”<sup>91</sup> What is more, pursuant to FRE 501, Congress established a framework where federal courts were called upon to apply state privileges.<sup>92</sup> It is therefore likely that Congress anticipated that the evolution of federal privilege law would be shaped and influenced by what was happening in the states. Indeed, the Supreme Court recognized this synergy between state and federal privilege law in *Jaffee v. Redmond*, holding that “the existence of a consensus among the States indicates that ‘reason and experience’ support recognition of [a federal psychotherapist-patient] privilege.”<sup>93</sup> Finally, privilege laws reflect public policy choices more than typical procedural rules, thus suggesting that federal courts should not only consider—but should generally defer—to state privilege choices.<sup>94</sup>

The two cases highlighted in this essay are good examples of when cross-pollination of privilege doctrine works, and when it doesn't. In *Silver*, the Texas Supreme Court duly considered the federal patent agent privilege, and consequently developed privilege doctrine in a way that harmonized Texas with federal law, yet preserved independence for state courts.<sup>95</sup> As *HannStar* demonstrates, in contradistinction, privilege doctrine is unlikely to evolve if courts show no regard for the other tribunal's rule. That is not to say that the Ninth Circuit necessarily should have adopted a mediation privilege in *HannStar*. But certainly it was worthy of discussion given how widespread this privilege is among the

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88. Redish, *supra* note 86, at 1773.

89. *Id.*

90. *Id.*

91. FED. R. EVID. 501.

92. *Id.*

93. 518 U.S. 1, 13 (1996).

94. Edward J. Imwinkelried, *Draft Article V of the Federal Rules of Evidence on Privileges, One of the Most Influential Pieces of Legislation Never Enacted: The Strength of the Ingroup Loyalty of the Federal Judiciary*, 58 ALA. L. REV. 41, 57 (2006).

95. *In re Silver*, 540 S.W.3d 530, 532 (Tex. 2018).

states,<sup>96</sup> and the fact that federal courts generally embrace and promote mediation and other types of alternative dispute resolution.<sup>97</sup>

The *Erie* doctrine, in both the traditional and reverse varieties, promotes the “migration of ideas” about privilege doctrine between federal and state courts. Of course, courts have to consider the privilege law of other jurisdictions outside of the *Erie* context, and those cases also contribute to this phenomenon. Moreover, courts and legislatures are no longer the only tribunals creating and adjudicating privileges, as administrative agencies like the PTO have entered the fray and surely will impact how courts interpret and apply privileges.<sup>98</sup> While a full exploration of this cross-pollination of privilege doctrine is beyond the scope of this brief essay, it is worthy of further study.<sup>99</sup>

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96. Marcia S. Cohen, *The Mediation Privilege*, 87 FLA. B.J. 14, 16 (2013) (“All states except Delaware have enacted some form of mediation privilege.”).

97. See, e.g., Judith Resnick, *Failing Faith: Adjudicatory Procedure in Decline*, 53 U. CHI. L. REV. 494 (1986).

98. See La Belle, *supra* note 70; see also Mila Sohoni, *The Power to Privilege*, 163 U. PENN. L. REV. 487 (2015) (“Congress has for the first time expressly delegated to an administrative agency the power to write rules of privilege.”).

99. I am currently working on an article, tentatively titled “Privileges and Cross-Pollination,” that explores these questions in more depth.