



District Court: Common Interest May Protect Communications with Third Parties from Discovery, but Not Always

April 1, 2025

Reading Time : **3 min**

By: Nia E. Kyritsis, Jason Weil, Rachel J. Elsby

The District of Delaware recently denied in part a motion to compel production of documents and testimony between a patentee and potential investors, valuation firms and an international bank based on the common interest exception. In so doing, the court reaffirmed that disclosure of privileged information to third parties will generally waive privilege unless it can be shown that the parties' interests are identical and the communications are legal, not solely commercial.

In this case, plaintiff sued defendants for infringement of patents covering devices for treating heart disease. During fact discovery, plaintiff objected to producing certain communications with third parties claiming that the information was privileged, and that privilege was not broken by the third-party disclosure because of the common interest doctrine. The nature of the communications fell into three broad categories.

First, as to an international bank, plaintiff argued the communications fell under the common interest exception because the bank was hired to find and negotiate patent investments for plaintiff. Defendant responded that, because the information provided to the bank was intended to be disclosed to third parties in the course of patent acquisitions, it could not be privileged. The court rejected this argument, explaining that the only relevant considerations were (1) whether plaintiff and the bank shared a common interest and (2) whether the information was **actually disclosed** to third parties. The court then found the communications protected by the common interest exception because both parties shared a

common interest in finding an acquirer and there was no evidence any of the information was actually disclosed to another party.

Next, the court found the communications with potential investors were not privileged; any privilege that existed over such communications was waived when they were disclosed to the potential investors who were clearly third parties with different legal interests. Although there are contrary decisions in the District of Delaware, the court here suggested that the lack of a written common interest agreement was dispositive—in its absence, plaintiff failed to carry its burden of establishing a common legal interest. *But see TC Tech. LLC v. Sprint Corp.*, 2018 WL 6584122 (D. Del. Dec. 13, 2018) (“I think Sprint reads Acceleration Bay too broadly. I did not set a firm rule that parties must have a written agreement or have filed suit to share a legal interest. Rather, I merely considered the lack of an agreement or suit as evidence of the lack of a shared interest.”).

In contrast, communications with actual investors **after** they invested were deemed privileged and subject to the common interest exception because investors received promissory notes upon investment and their legal rights were implicated by plaintiff’s action to enforce its patents. Plaintiff and its actual investors therefore shared a common legal interest in the enforceability of its patents.

Lastly, the court found plaintiff’s communications with valuation firms privileged because through its communications, plaintiffs provided the valuation firms with legal advice that was necessary to their analysis, and in fact, “key to the entire valuation.” In return, the valuation firms provided a report that contained data “intertwined with legal advice.” The valuation firms also provided litigation consulting services and facilitated legal representation, making communications with those firms entitled to privilege.

Thus, the court held that communications with potential investors, and pre-investment communications with actual investors were not privileged and granted in part defendant’s motion to compel.

Practice Tip: Whether third party communications retain privilege under the common interest doctrine is a fact intensive case-by-case determination. In this case the court applied the doctrine broadly, but suggested a written agreement may be necessary for a party to carry its burden of establishing the existence of a common interest. Parties engaged with investors and valuation firms should evaluate the nature of their communications, and where

those communications include privileged information, consider entering a written agreement before any materials are shared.

Aortic Innovations, LLC v. Edwards Lifesciences Corp., 1:23-cv-00158-JPM (D. Del. Feb. 28, 2025)

Categories

District of Delaware

Patent Litigation

Patent Infringement

© 2025 Akin Gump Strauss Hauer & Feld LLP. All rights reserved. Attorney advertising. This document is distributed for informational use only; it does not constitute legal advice and should not be used as such. Prior results do not guarantee a similar outcome. Akin is the practicing name of Akin Gump LLP, a New York limited liability partnership authorized and regulated by the Solicitors Regulation Authority under number 267321. A list of the partners is available for inspection at Eighth Floor, Ten Bishops Square, London E1 6EG. For more information about Akin Gump LLP, Akin Gump Strauss Hauer & Feld LLP and other associated entities under which the Akin Gump network operates worldwide, please see our Legal Notices page.