

PATENT OPINIONS

**BY: William W. Cochran
Cochran Freund & Young LLC**

INTRODUCTION

TYPES OF OPINIONS

WHY AN OPINION IS IMPORTANT

DETERMINING WHEN AN OPINION IS NECESSARY

FORM OF OPINION

WHO SHOULD PREPARE OPINION

COMPETENCY AND RELIABILITY OF OPINION

IMPLEMENTATION OF OPINION

FORMAT FOR NONINFRINGEMENT AND INVALIDITY
OPINIONS

TYPES OF OPINIONS

1. DEFENSIVE OPINIONS

**Noninfringement
Invalidity**

2. OFFENSIVE OPINIONS

**Infringement
Validity**

WHY IS AN OPINION IMPORTANT?

1. DEFENSIVE OPINIONS

- Evidence of State of Mind of Infringer
 - Read v. Portec (Fed. Cir. 1992)
- Assist in Avoiding or Reducing Enhanced Damages under 35 USC § 284
- Roadmap for Designing Around
 - Eliminate a claimed element from product.

2. OFFENSIVE OPINIONS

- Meet Obligations of Fed. R. Civ. P. 11.
- Roadmap for Litigation

DETERMINING WHEN AN OPINION IS NECESSARY

1. UNCOVERING RELEVANT PATENTS

- Right-to-use Searches
- Patent Prosecution
 - References relate to client's products
- Employees of Client
 - Trade shows
 - Vendors
 - Literature searches
 - Product announcements
- Charges of Infringement
- Marking
- Competitive Analysis
- Request for Indemnification by a Customer
- Suppliers that Contributorily Infringe

WHEN IS AN OPINION NECESSARY? – continued

2. UNDERSTANDING POTENTIAL DAMAGES

a. 35 USC § 287

- Actual Notice
 - name product
 - “infringe” or similar words

- Constructive Notice
 - marking of products by patentee
 - marking by licensee

b. Issuance of Patent

- No Products Made by Patentee
- No Licenses to Others

c. No Right to Enhanced Damages until a Right to Regular Damages Exists

WHEN IS AN OPINION NECESSARY?

– continued

3. IS THE CLIENT LICENSED?

- a. Check licensing database if available**
- b. Check general technology licenses that do not identify specific patents**
- c. Run abstract of title**
 - See if client licensed to anyone in chain of title
 - Check cross-licensees and if cross-license includes “acquired patents”
- d. De facto silent cross-license**
- e. Ownership rights**
 - Inventor a former or current employee
 - Inventor a consultant to client
- f. Is a license available?**
 - Relate to a standard
 - License from someone in chain of ownership that has retained an interest
 - Find licensees that have a right to sublicensees
 - Contact friendly parties that have taken licenses re cost, availability, etc.

WHEN IS AN OPINION NECESSARY?

– continued

4. IS THE CLIENT INDEMNIFIED?

- a. Check purchase orders.**
- b. Remain cognizant of UCC 2-312(3).**
- c. Report promptly if required.**

5. DOCTRINE OF EXHAUSTION

- a. Does vendor have a license?**
- b. Be cognizant of § 271(g) if product made overseas and vendor not licensed.**
- c. Be aware of limitations of Doctrine of Exhaustion re licensing of separate rights, i.e. make vs. use and sell.**

WHEN IS AN OPINION NECESSARY?

– continued

6. RELEVANCY OF PATENT

- Review independent claims
- Review products

7. MAINTENANCE FEES

- Has time expired for reinstating patent?
- Possible unfair competition claims

8. INVALIDITY HOLDINGS

- Search by patent number

TIMING OF THE OPINION

- **As soon as possible after discovering infringement**
- **Consider redesign if early in design process**
 - Delay in product production good evidence to avoid treble damages

FORM OF THE OPINION – ORAL VS. WRITTEN

- 1. CAFC has clear preference for written opinions**
 - SmithKline v. Helena Lab. (Fed. Cir. 1988)
- 2. Written opinions have greater evidentiary value. Easier to prove reliance on written opinion.**
 - 3M v. Johnson & Johnson (Fed. Cir. 1992)
- 3. Formal opinions not necessary if patent not relevant**
 - RTU search report states patents not relevant
- 4. Prepare preliminary opinion if needed quickly.**

WHO SHOULD PREPARE OPINION?

1. Attorney, not Agent

- Legal analysis required
 - Underwater Devices v. Morrison Knudsen (Fed. Cir. 1983)

2. Either Outside Counsel or In-House Counsel

- Need to show independence
 - Studiengesellschaft v. Dart (D. Del. 1987)

3. Technical Experience

- Substantial knowledge in technical area
 - number of patents prepared and prosecuted
 - engineering experience
 - years experience representing clients in that area
 - years monitoring patents in area
 - search experience in area
 - examination in area

4. Legal Experience

- Number of opinions prepared
- Recommendations of attorney, i.e. license?
- Good judgment of attorney

COMPETENCY AND RELIABILITY OF OPINION

- 1. Strong Legal and Factual Foundation**
 - Great Northern v. Davis (Fed. Cir. 1986)

- 2. Unbiased**
 - Not directed to predetermined result
 - Competent legal analysis of facts and law
 - Not conclusory in nature

- 3. Provide a Summary of Law as a Framework for Analysis Facts**
 - See Hoffman, *Computer Law* 1992.

- 4. Material Facts Should Not Be Withheld or Misconstrued**

- 5. Provide Supporting Exhibits**
 - Provide facts to support opinion.

- 6. Perform Additional Experiments or Tests to Resolve Technical Questions and Support Opinion**

COMPETENCY AND RELIABILITY OF OPINION - continued

7. Well-Reasoned and “Instill a Belief”

- Ryco v. AgBag (Fed. Cir. 1988)

8. Balanced Opinion

- Equivocation is OK
- Uncertainties with law missing facts, unclear facts
- Honest opinion speaks of probabilities rather than certainties
 - Read v. Portec (Fed. Cir. 1992)
- Give both positive and negative factors that affect end result
 - Westvaco v. International Paper (Fed. Cir. 1993)
- All relevant factors should be discussed
- Compare and contrast product and claim
 - Underwater Devices v. Mk (Fed. Cir. 1983)

COMPETENCY AND RELIABILITY OF OPINION - continued

9. Inspect Product

- Provide complete description of applicable features

10. Analyze Both Literal Infringement and Infringement under the Doctrine of Equivalents

11. Review file History

- Underwater Devices v. Mk (Fed. Cir. 1983)
- Central Soya v. Hormel (Fed. Cir. 1983)
- All independent claims should be separately considered in noninfringement opinions
- All claims considered in invalidity opinions
- Consistent analysis of scope of claims for noninfringement and invalidity opinions

IMPLEMENTATION OF OPINION

1. **Present in Final Form.**
2. **Prepare Supplemental Opinion if Required.**
 - Revise inaccurate facts or statements
3. **Do Not Provide Draft Opinions for Review by Client**
 - Lack of independence
 - Westvaco v. International Paper (Fed. Cir. 1993)
4. **Client Should Follow Opinion**
 - Central Soya v. Hormel (Fed. Cir. 1983)
 - Review activities of client periodically
 - Revise opinion periodically to reflect new factors
 - invalidity holdings
 - new art
 - re-exam and reissue

FORMAT FOR NONINFRINGEMENT AND INVALIDITY OPINIONS

CONCLUSION

- Competent, well-reasoned and reliable opinions are valuable asset to a client.
- Can be used defensively to avoid enhanced damages and design-around competitors' patents.
- Can be used offensively to support duty under Rule 11 and provide roadmap for litigation.
- Carefully investigate whether opinion is required.
- If so, use guidelines to make sure it is competent and reliable.