

FTC Urges Changes to U.S. Patent Policy

By John R. Ingrassia

In October, the FTC issued a report titled "To Promote Innovation: The Proper Balance of Competition and Patent Law and Policy." Citing an existing system that relies on presumptions in favor of the issuance and validity of patents and that makes challenges to the validity of existing patents difficult and costly, the report contains specific recommendations on what the FTC considered to be improvements to the U.S. patent system. The report comes nearly 1 year after the FTC and the DOJ completed a series of public hearings on the proper balance between patent and antitrust law with an aim to foster innovation and maximize consumer welfare. The hearings, which took place over 24 days between February and November of 2002, attracted the participation of more than 300

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Fact or Fiction: Trial Counsel Should Author Patent Opinions

By Timothy C. Meece and Michael Harris

When patent issues arise, clients often need both trial counsel and opinions of counsel. Opinions are primarily needed for: 1) advice on how to avoid infringement; 2) assessment of liability risks and potential outcomes of infringement lawsuits; and 3) protection against a finding that any infringement was willful. Trial counsel are needed when a patent infringement suit is threatened, imminent, or instituted.

This article discusses the advantages of employing the same attorney or law firm as both opinion counsel and trial counsel. It explains why disqualification of counsel is not as much of a concern as some commentators emphasize. Finally, it analyzes the issues surrounding attorney-client privilege and work-product protection and concludes that the dangers are minimal with experienced trial counsel.

ADVANTAGES OF EMPLOYING OPINION COUNSEL AS TRIAL COUNSEL

There are numerous advantages to using the same attorney or law firm for both prelitigation opinion work and trial work. One is familiarity — that an attorney or law firm acquires specialized knowledge over time about a client and its operations. This is particularly true in the patent law context. Before an attorney can render a competent opinion, the attorney must possess an intimate knowledge of the intricacies of the involved technology. This knowledge is critical in defending against an infringement charge. Thus, the defense attorney who has spent months, if not years, assisting in prelitigation activities will possess the necessary knowledge should litigation arise.

The client will also achieve economic efficiencies. If the client hires separate attorneys for opinion work and trial work, each attorney will need time to become familiar with the relevant technology and facts. This takes time and money. If the same attorney performs both roles, trial counsel will be familiar with the technology from serving as opinion counsel.

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Timing is not critical for monetary reasons alone. Clients typically seek opinions of counsel when they fear being sued. Along with the fear of a patent lawsuit comes the potential for preliminary injunctive relief. In these circumstances an alleged infringer will generally not have much time to prepare a defense. For example, in some district courts, the average time from filing of a motion for preliminary injunction to hearing is as little as 22 days. Thus, it is important to have trial counsel up to speed as soon as possible in order to defend against a possible motion for a temporary restraining order or preliminary injunction.

The client's level of confidence is yet another advantage to using the same attorney or law firm for both pre-litigation and litigation work. A longstanding relationship will develop trust, understanding, and respect. For this reason, courts are rightfully reluctant to disturb a client's choice of counsel.

Finally, the use of the same attorney as adviser and advocate is neither unusual nor controversial. From time immemorial attorneys have prepared pre-litigation opinions for clients and then represented those clients in patent lawsuits. Indeed, maintaining the dual role of adviser and advocate is arguably the quintessential element of the attorney-client relationship.

SHOULD DISQUALIFICATION OF COUNSEL BE A CONCERN?

Some attorneys and clients fear that the ethical prohibition against serving as both witness and advocate will come into play if an attorney or law firm performs both pre-litigation and trial work. Nearly every jurisdiction has adopted rules of professional conduct regulating an attorney's ability to serve as both witness and advocate. These rules typically follow either Rule 3.7 of the ABA Model

Rules of Professional Conduct or DR 5-102 of the ABA Model Code of Professional Responsibility. The Model Rules prohibit an attorney from serving as litigation counsel if that attorney is "likely to be a necessary witness." Similarly, the Model Code prohibits the attorney from serving as litigation counsel if the attorney "ought to be" a witness about the opinion. The concern is that the opinion counsel will necessarily be called to defend the opinion at trial, and therefore, will be disqualified from representing the alleged infringer in an infringement lawsuit.

A search of Westlaw and LEXIS uncovered no reported decisions where a court disqualified an attorney as trial counsel simply because that attorney prepared a pre-litigation opinion. This is because the opinion counsel is neither "likely to be a necessary witness" nor "ought to be" a witness.

Federal Circuit precedent makes clear that the primary factors to consider when evaluating an opinion of counsel are: 1) the competence of the opinion and, 2) whether the client's reliance on the opinion was reasonable. *Ortho Pharmaceutical Corp. v. Smith*, 959 F.2d 936, 944 (Fed. Cir. 1992); *Read Corp. v. Portec*, 970 F.2d 816, 828 (Fed. Cir. 1992).

The first factor, competence of the opinion, is evaluated from the text of the opinion itself. *Westvaco Corp. v. Int'l Paper Co.*, 991 F.2d 735, 744 (Fed. Cir. 1993). In *Westvaco* the Federal Circuit explained that review of opinions determines whether they "evidence an adequate foundation based on a review of all necessary facts or whether they are conclusory on their face." *Id.* at 743. In addition, the opinion should be reviewed for its "overall tone, its discussion of case law, its analysis of the particular facts and its reference to inequitable conduct." *Ortho*, 959 F.2d at 945. Thus, the opinion counsel's testimony at trial is not needed to determine the competence of the opinion.

The second factor, reasonable reliance, is from the perspective of the alleged infringer. *Ortho*, 959 F.2d at 944. ("Counsel's opinion must be thorough enough, as combined with

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Post Mortem of the Reverse Doctrine of Equivalents

By Nathaniel Durrance

The Federal Circuit in *Tate Access Floors, Inc. v. Interface Architectural*, 279 F.3d 1357, 1368 (2002), announced the death of the Reverse Doctrine of Equivalents (RDOE). The Supreme Court created the RDOE as an equitable release valve for accused devices that literally infringe claims. The RDOE applies “where a device is so far changed in principle from a patented article that it performs the same or a similar function in a substantially different way, but nevertheless falls within the literal words of the claim.” *Graver Tank & Manufacturing Co. v. Linde Air Products Co.*, 339 U.S. 605, 608-609 (1950); see also *Boyden Power-Brake Co. v. Westinghouse*, 170 U.S. 537 (1898). In such a case, the RDOE “may be used to restrict the claim and defeat the patentee’s action for infringement.” *Graver Tank*, 399 U.S. at 609.

In *Tate Access*, the court reasons that the RDOE is superfluous because its function was replaced, after *Graver Tank*, with §112 of the Patent Act. According to the court, the requirements of §112, such as written description and enablement, are “co-extensive with the broadest possible reach of the [RDOE]” because §112 prevents excessively broad claims from being valid and, especially in the case of means-plus-function claims under §112 ¶ 6, acts to reduce the scope of claims. *Tate Access*, 279 F.3d at 1368. As discussed below, not only are the court’s reasons for the RDOE’s supposed death inaccurate, they reveal how the ghost of the RDOE lives on in claim construction and how it may be stronger in death than in life.

THE RDOE IS NOT CO-EXTENSIVE WITH §112

The *Tate Access* court’s pronouncement of parallel coverage between **Nathaniel Durrance** (nathandurrance@yahoo.com) graduated from Boalt Hall School of Law in 2003 and from Stanford University in 2000. Phone: 858-499-0112.

§112 and the RDOE is surprising because, in theory, they are separate and distinct. Since *Markman v. Westview Instruments, Inc.*, 517 U.S. 370, 384 (1996), all patent infringement cases occur in two steps: 1) claim construction, which includes a §112 analysis, and 2) an infringement determination, which includes the RDOE. According to *Markman* and its progeny, these two steps involve separate questions that should not have cross-influence. The first is a question of law determined by a judge and the second is a question of fact determined by a jury. As a result, construction of the claims is to occur without referencing the accused device while infringement and the RDOE involves a direct comparison of the claims and accused device. See *NeoMagic Corp. v. Trident Microsystems, Inc.*, 287 F.3d 1062, 1074 (Fed. Cir. 2002).

In essence, the *Tate Access* court believes that a rigorous §112 analysis in claim construction is sufficient to limit broad claim language, thereby satisfying the equitable tension addressed by the RDOE. Despite this sharp line drawn by *Markman* and *Tate Access*, the courts are still drawn to the equity considerations that fueled the creation of the RDOE.

While *Tate Access* may be right when it says the RDOE is often mentioned but rarely applied (never by the Federal Circuit), the RDOE does allow a valuable comparison not found in §112. Because a patent only has to meet the §112 requirements for technology that existed on its filing date, see *Vas-Cath Inc. v. Mahurkar*, 935 F.2d 1555, 1563-64 (Fed. Cir. 1991), defendants using technology developed after the filing date have no §112 recourse to limit broad claim language. There needs to be a mechanism to limit claim language by referencing later-developed technology before §112 is truly “co-extensive” with the RDOE. In order to fill this void and achieve equity, the court has turned to incorporating RDOE principles into claim construction.

THE RDOE LIVES ON IN CLAIM CONSTRUCTION

An example of this includes *Biogen, Inc. v. Berlex Labs, Inc.*, 318 F.3d 1132, 1140 (Fed. Cir. 2003), where the court conflated a RDOE-type analysis into

its claim construction. The *Biogen* court used a narrow disclosure to limit otherwise facially broad claims rather than invalidating them. In doing this, the court cited *Texas Instruments, Inc. v. Int’l Trade Comm’n*, 846 F.2d 1369, 1371-72 (Fed. Cir. 1988) as properly using “the principle of the RDOE” to preserve the validity of facially broad claims, and *Network, LLC v. Centraal Corp.*, 242 F.3d 1347, 1352 (Fed. Cir. 2001) as using embodiments disclosed in the Specification to limit broad claims without invalidating them.

But the court’s motivation in limiting broad claim language is not always as transparent as it was in *Biogen*. Currently there is a set of inconsistent opinions that use a variety of ways to restrict claims having broad ordinary meanings. Examples include limiting the claims when the inventor used boilerplate language such as “the invention is” or “this is important to the invention.” See, e.g., *Toro Co. v. White Consol. Indus.*, 199 F.3d 1295, 1301, 1302 (Fed. Cir. 1999) (the court limited the otherwise broad ordinary meaning of the claim term because the patentee had referred to that embodiment as “important to the invention”). The court has even gone as far as saying the claim was “inherently limited” based on statements within the intrinsic evidence stressing a particular functional limitation. *Network, LLC v. Centraal Corp.*, 242 F.3d 1347, 1352 (Fed. Cir. 2001).

But there are many other cases that go the other way, refusing to limit broad claim language, making the current doctrine confusing and irreconcilable. See, e.g., *Teleflex, Inc. v. Ficosa N. Am. Corp.*, 299 F.3d 1313, 1326-28 (Fed. Cir. 2002) (in construing the claim term “clip” the court stated that a mere reference to a single embodiment is not enough to

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limit the term's plain meaning even when it is the only embodiment disclosed); *Advanced Cardiovascular Sys. Inc. v. Scimed Life Sys. Inc.*, 261 F.3d 1329, 1339 (Fed. Cir. 2001) (stating that a consistently narrow depiction of a claim element throughout the drawings is not enough to limit an otherwise broad claim term); compare *Johnson Worldwide Assocs. v. Zebco Corp.*, 175 F.3d 985, 990-92 (Fed. Cir. 1999) (in rejecting the argument that a patentee had redefined a broad claim term, the court stated that a varied use of a disputed claim term in a Specification supports a broad ordinary meaning) with *Datapoint Corp. v. Standard Microsystems Corp.*, 2002 U.S. App. LEXIS 3617; 31 Fed. Appx. 685, 689 (Fed. Cir. 2002) (unpublished opinion) (a lone reference to a broader genus does not overcome a narrow disclosure and a narrow claim construction).

The starkest contrast to the narrowing cases may be *Gart v. Logitech, Inc.* In *Gart* the court did not limit a broad claim term even though all of the drawings depicted the term narrowly and the Specification distinguished the prior art in part based on this narrow embodiment. 254 F.3d 1334, 1342-43 (Fed. Cir. 2001). The court stated that while the drawings only depict a single preferred embodiment, that alone was not enough to limit the unambiguously broad language of the claim. *Id.* Furthermore, the Specification distinguished only the "preferred embodiment" (not the invention as a whole) from the prior art using several alternative distinguishing features; the patentee therefore had not limited all of his claims to any one of those specific limitations. *Id.*

In principle these cases are accomplishing a goal of the RDOE albeit within claim construction: "The purpose of restricting the scope of such claims is not only to avoid a holding of infringement when a court deems it appropriate, but often is to preserve the validity of claims with respect to their original intended

scope." See *Texas Instruments*, 846 F.2d at 1372. If the court were up front about this motivation, then greater predictability and rationality could be injected into the case law surrounding claim construction. The only obstacle seems to be *Markman* and the canon of not construing the claims in reference to the accused device. But as discussed below, many other canons surrounding extrinsic evidence are fading, which may someday lead to a softening of *Markman*.

CLAIM CONSTRUCTION IS ALREADY MOVING TOWARD A MORE INCLUSIVE TEST

Despite strong early case law to the contrary, the Federal Circuit has been expanding the type of permissible evidence considered during claim construction. One example is the entrance of extrinsic evidence into the forefront. This is a very surprising (although rational) move from the Federal Circuit case largely considered the early bible of claim construction, *Vitronics Corp. v. Conceptronic, Inc.*, 90 F.3d 1576 (Fed. Cir. 1996). In *Vitronics*, the court indicated that extrinsic evidence is not to be considered in claim construction if the intrinsic evidence alone may resolve any ambiguities. *Id.* at 1583. "Such instances will rarely, if ever, occur" when expert testimony will be needed to enable the court to construe disputed claim terms. *Id.* at 1585.

Fast forward to present day, "failure to take into account the testimony of persons of ordinary skill in the art may constitute reversible error." *AFG Indus., Inc. v. Cardinal IG Co., Inc.*, 239 F.3d 1239, 1249 (Fed. Cir. 2001). "[U]nder *Vitronics* it is entirely appropriate, perhaps preferable, for a court to consult trustworthy extrinsic evidence. *Pitney Bowes, Inc. v. Hewlett-Packard Co.*, 182 F.3d 1298, 1309 (Fed. Cir. 1999). Thus, even if the meaning of the claim term is clear from the intrinsic evidence, the court must at least consider expert testimony; but cannot rely upon it if it contradicts the reasonably ascertainable meaning of the claim term. *Id.* at 1308. Such a dramatic swing in so little time is fascinating: from rarely, if ever

appropriate to perhaps preferable and reversible error not to consider.

The importance of extrinsic evidence does not end with expert testimony; dictionaries and treatises, although extrinsic, are consulted in many *Markman* hearings, even before the Specification or file history. *Texas Digital, Inc. v. Telegenix, Inc.*, 308 F.3d 1193, 1202 (Fed. Cir. 2002); *Dow Chem. Co. v. Sumitomo Chem. Co.*, 257 F.3d 1364, 1372 (Fed. Cir. 2001) ("in determining the ordinary meaning of a technical term, courts are free to consult scientific dictionaries and technical treatises at any time"); *Vitronics*, 90 F.3d at 1584 n.6. The court finds dictionaries and the like particularly useful in ascertaining the ordinary and customary meaning of claim terms. Thus, since claim construction begins with the claims, a dictionary is the next resource consulted.

Another dramatic advance in allowable extrinsic evidence is the emergence of the "court appointed technical advisor." The district courts are now free to appoint an *ex parte* expert to advise them on any and all aspects of the technology including scientific and factual issues; apparently this includes advisement on both the patented and accused device. *TechSearch L.L.C. v. Intel Corp.*, 286 F.3d 1360, 1376 (Fed. Cir. 2002). And this power is not strictly regulated by the Rules of Procedure; it is largely up to the district court's wide discretion whether or not to use these advisors. *Id.*

Finally, undeniable proof the canon excluding accused devices in claim construction is eroding comes from the universal practice of almost every claim construction brief having some section comparing the accused device to the patent claims, regardless if it is after developed technology. For example, an accused product may enter claim construction to help the court frame the issues of infringement. This is especially true when the patentee appears to be basing its broad definition specifically to entrap the accused product. In *Multiform Desiccants, Inc. v. Medzam Ltd.*, the court summarily resolved the issue of

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panelists and more than 100 written submissions from business representatives, the independent inventor community, and leading patent and antitrust practitioners, scholars and organizations.

AVOIDING PATENT 'ARMS RACE'

While praising patent law policy for achieving a proper balance with competition policy for the most part, the report expresses concerns that the patent system is out of balance with competition policy in some ways. One important concern voiced by hearing participants is the issuance of questionable patents that are likely invalid or overly broad. The report identifies a number of situations in which such patents can be harmful to competition, including increasing the cost of innovation or discouraging innovation altogether in some areas. Certain firms reported refraining from entering a business or continuing with research covered by what they identified as questionable patents. The issuance of questionable patents also appears to lead to costly patent "arms races," encouraging companies to amass increasingly large portfolios of sometimes questionable patents to better their bargaining power when facing questionable patents held by others.

In some cases, the FTC's recommendations for improvement are in line with the USPTO's own recommendations. One important example, and one that has potential to significantly impact the patent system, is the recommendation that legislation be enacted that would create an effective administrative post-grant procedure for private parties to oppose existing patents, short of

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federal court litigation. According to the FTC, the existing post-grant procedure for challenging a patent outside of court, *ie*, the re-examination process, contains significant restrictions, including no discovery and limitations on both the issues subject to review by the USPTO and the evidence that can be presented to the USPTO. Due to such restrictions, litigation is currently the most effective way to challenge a patent. Aside from the time and costs attendant in patent litigation, declaratory actions are currently only available where the patent owner has threatened infringement litigation, making many patents effectively off-limits to such challenges.

Another recommendation made in the report that would lead to significant changes in the patent system, calls for legislation to lower the evidentiary threshold for challenging the validity of a patent. Currently, courts require a litigant challenging the validity of a patent to prove its case by clear and convincing evidence. The FTC believes that this standard is too high, in effect giving issued patents an overly strong presumption of validity on top of the fact that "a plethora of presumptions and procedures tip the scales in favor of the issuance of a patent" in the first place. To make the system more evenhanded, the FTC recommends that the standard required to rebut a patent's presumption of validity be lowered to a "preponderance of the evidence" standard.

FEDERAL CIRCUIT CONCERNS

ADDRESSED

In line with recent articulations by the Federal Circuit, the FTC also recommends more meaningful application of the standards used by the PTO to evaluate whether a patent is "obvious," a statutory requirement crucial to preventing the issuance of patents on trivial ideas or ideas already in the public domain. This recommendation is particularly applicable in relation to assessing commercial success. The FTC also recommends that decision makers consider the possible harm to competition before further extending the scope of patentable subject matter. The fairly recent determination, made

in *State Street Bank & Trust Co. v. Signature Financial Group, Inc.*, 149 F.3d 1368 (Fed.Cir. 1998), that business methods were, and always had been, within the scope of patentable subject matter, for instance, was criticized by some hearing participants. These participants felt that patent protection on business methods was not necessary to spur the invention, commercial development, or public disclosure of business methods. The FTC expressed concern that future expansions of the scope of patentable subject matter may serve to deter innovation rather than promote it.

Other recommendations made in the report include:

- providing stepped up funding for the PTO, to allow the agency to improve patent quality;
- implementing portions of the PTO's 21st Century Strategic Plan that would improve the patent examiners' ability to evaluate patent applications;
- enacting legislation that would (i) require the publication of all patent applications within 18 months of filing, (ii) enable prior users to continue using technology without infringing patents subsequently issued, pursuant to certain types of patent applications, (iii) require actual, written notice of infringement from the patentee or deliberate copying of the patentee's invention (knowing it to be patented) before willful infringement could be found; and (iv) generally expand the consideration of economic learning and competition policy concerns in patent law decision making.

A PLEDGE TO BALANCE COMPETITION LAW AND PATENT LAW POLICY

The FTC also pledged to make its own efforts to improve the balance between competition law and patent law policy, including: advocating against questionable patents in appropriate circumstances, a renewed commitment to the filing of amicus briefs in appropriate cases, and the establishment of a liaison panel between the antitrust agencies and the USPTO to permit the exchange of views on issues that

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literal infringement right after construing the claims precisely narrow enough to exclude the accused product. 133 F.3d 1473, 1476 (Fed. Cir. 1998). This type of decision is neither unusual nor surprising. The remarkable part of the opinion, however, is where the court expressly recognized that the claim construction was done "in light of the mode of action of the accused device." *Id.* at 1478. Usually, the court is not so open about relying on the accused device during claim construction, given the historical rhetoric against it. The court even cited the authority that states this position. Nonetheless, the court agreed with the claim construction seemingly approving of the methods used by the trial court.

The reasoning of the court is very pragmatic, realizing that a judge should not have to sit in a vacuum when interpreting claims. The defendant argued that the patentee's claim construction was based entirely upon their understanding of how the accused product worked. *Id.* at 1477. They further alleged that the

Specification warranted a narrower construction eliminating the possibility of infringement. *Id.* The only real basis for the court's decision seems to be found within the proposition that infringement and claim construction may sometimes be resolved at the same time: "On occasion the issue of literal infringement may be resolved with the step of claim construction, for upon correct claim construction it may be apparent whether the accused device is within the claims." *Id.* at 1476 (citations omitted).

Thus, despite the canon denying reference to the accused device, this is an available option for a party to get the accused device before the judge during claim construction. And since this strategy does not have a time bar, as does §112, it is a good way to get after developed technology before the court.

But the confusion and inconsistency under the Federal Circuit claim construction law still remains. In order to untangle claim construction law, the RDOE-type analysis must either be fully included (or fully excised) so it can be dealt with in a systematic manner. Following the demise of canons against extrinsic evidence, it may fol-

low that a full RDOE-type analysis may someday formally enter claim construction, alleviating the tension in equity created when claims cover more than they disclose.

CONCLUSION

The RDOE is not as dead as the Federal Circuit claims in *Tate Access*. Its policies are found in the current menagerie of opinions in claim construction using written description and enablement arguments to limit broad claims. Given the eroding canons against extrinsic evidence, a full RDOE-type analysis may someday formally enter claim construction. Not only would this help reconcile conflicting case law, it would help bring some certainty and predictability in construing claims. Once the real motivations are revealed and able to be formally confronted in litigation, a comprehensible set of rules should follow. Otherwise, confusion will continue to reign when trying to decide if broad claim language will be given full effect by the courts.



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impact both competition and patent law policy.

Reaction to the FTC's report has been mixed. Some commentators have praised the FTC's recommendations regarding the creation of a post-grant opposition process (much like the one currently used in Europe) lowering the standard for proving invalidity, improving the USPTO's application of the test for nonobviousness, and suggesting changes to the willful infringement standard. The Federal Circuit has recently decided to address the manner in which courts handle claims of willful patent infringement in its en banc hearing involving *Knorr-Bremse Systeme Fuer Nutzfahrzeuge GMBH v. Dana Corp.*, Fed Cir., No. 01-1357. In an amicus brief filed in that case by the AIPLA on Nov. 3, 2003, it was argued that: 1) the duty

to obtain legal advice before taking actions that may be infringing should be eliminated; 2) no adverse inferences should be drawn from the failure to obtain or disclose legal advice; and 3) a substantial defense at trial may sometimes defeat liability for willfulness.

Other commentators have criticized the FTC's recommendations to improve the funding of the USPTO (arguing that the management, legal structure, and priorities of the USPTO need to be improved instead), to publish all patent applications within 18 months (which is claimed to be harmful to individual inventors only seeking protection within the United States), and to expand prior user rights beyond the currently limited scope of business method patents (arguing that such an expansion would be of limited value and would significantly raise the cost of patent litigation).

A second, equally anticipated report, to be issued jointly by the

FTC and the Antitrust Division of the DOJ, is forthcoming and will make specific recommendations for changes to antitrust law policy to allow for a proper balance with the patent system.



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other factors, to instill a belief in the infringer that a court might reasonably hold the patent is invalid, not infringed, or unenforceable.” (Emphasis added). The opinion counsel cannot testify as to the alleged infringer’s state of mind.

In the reported cases on this point, district courts have held that authors of opinions need not testify.

- *Liqui-Box Corp. v. Reid Valve Co.*, 16 U.S.P.Q.2d 1074, 1075 (W.D. Pa. 1989): (Plaintiff wanted to call as a witness defendant’s trial counsel, who wrote an opinion, but the court did not allow the testimony, reasoning that defending against a charge of willful infringement requires that the defendant show reasonable, good-faith adherence to the advice in the opinion and does not require an inquiry into counsel’s state of mind.);
- *Automotive Prods. v. Tilton Eng’g, Inc.*, 1993 U.S. Dist. LEXIS 3752 at *32 (C.D. Cal. 1993): (Held that when an opinion letter is introduced in defense to a willful infringement charge, the jury should only consider the defendant’s state of mind, not the attorney’s who drafted the opinion.);
- *Bristol-Myers Squibb Co. v. Rhone-Poulenc Rorer, Inc.*, 2000 U.S. Dist. LEXIS 10064, (S.D.N.Y. July 19, 2000): (A motion for disqualification was denied because the issue at trial would be whether, if there has been infringement, Bristol infringed willfully and is subject to punitive damages, and thus, the issues were limited to whether the attorney’s opinion letter was a competent opinion and what Bristol’s state of mind was when it decided to rely on it.)

The attorney who authors the opinion is neither “likely to be a necessary

witness,” nor “ought to be” called as a witness. Therefore, opinion counsel should not, on that basis, be disqualified as trial counsel under the applicable ethical rules. Experience bears this out, trial counsel have often rendered opinions on which the client relied.

DID NOVARTIS OPEN THE DOOR?

Some commentators have argued that a recent district court decision has opened the door to disqualifying opinion counsel as trial counsel. In *Novartis Pharm. Corp. v. Eon Labs Mfg.*, 206 F.R.D. 396, 396-97 (D. Del. 2002), the patentees requested that the alleged infringer produce all writ-

[E]ven if a court erroneously disqualifies trial counsel who authored a pre-litigation opinion, the attorney’s law firm is still eligible to serve as trial counsel. There is no reported decision where a court disqualified a law firm simply because one of its attorneys prepared an opinion of counsel for the alleged infringer.

ten and oral legal advice it received from its counsel with respect to the infringement, invalidity, and unenforceability of the patent, including all documents underlying that advice. Subsequently, the patentees requested that the alleged infringer supplement its production to include all documents and communications that were considered by counsel in rendering its advice. *Id.* at 397. Although the alleged infringer argued that the supplemental materials were protected as work product, the court concluded that the alleged infringer expressly waived its privilege with respect to attorney-client communications and work product documentation by relying on the advice of counsel defense. *Id.* at 398. Thus, everything with respect to the subject

matter of counsel’s advice was discoverable. *Id.* The court further stated, “it is critical for the patentee to have a full opportunity to probe, not only the state of mind of the infringer, but also the mind of the infringer’s lawyer upon which the infringer so firmly relied.” *Id.* at 399. Some commentators have argued that since this decision places “the state of mind of opinion counsel directly at issue for purposes of discovery,” a patentee is presumably free to seek testimony from opinion counsel.

However, the *Novartis* case dealt with scope of waiver, not disqualification. Scope of waiver is disputed among the circuits, and the Federal Circuit has not weighed in on the issue. *Lakewood Engineering and Mfg. Co. v. Lasko Products, Inc.*, 2003 WL 1220254, at *9 (N.D. Ill. March 14, 2003). The Delaware court is free to reach its own conclusion regarding waiver. The Federal Circuit has made clear that when evaluating opinion of counsel, the relevant factors are competence and reasonable reliance. *Ortho* 959 F.2d at 944; *Read Corp.* 970 F.2d at 828; *Westvaco Corp.* 991 F.2d at 744. Thus, applying the Delaware court’s reasoning to whether opinion counsel need testify at trial would be inconsistent with Federal Circuit precedent.

Finally, even if a court erroneously disqualifies trial counsel who authored a pre-litigation opinion, the attorney’s law firm is still eligible to serve as trial counsel. There is no reported decision where a court disqualified a law firm simply because one of its attorneys prepared an opinion of counsel for the alleged infringer. This is not surprising because Model Rule 3.7(b) expressly allows such representation.

SHOULD WAIVER BE A CONCERN?

Although the District of Delaware’s decision in *Novartis* does not impact the disqualification analysis, it does raise a potential issue regarding waiver.

In *Novartis*, the alleged infringer’s opinion counsel and trial counsel were both partners in the same law firm. *Novartis*, 206 F.R.D. at 396. The court held that the alleged infringer

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should produce all legal advice it received from any member of the firm with regard to the subject matter of the opinion. *Id.* Thus, the court continued, “[b]ecause the Court cannot differentiate between opinion and trial counsel, the Court will grant [patentees’] Motion To Compel to the extent it seeks the production of all legal advice [the alleged infringer] received from the ... law firm relating to the subject matter of [the] opinion.” *Id.*

Similarly, in a recent Northern District of Illinois case, the court held that reliance on opinion of counsel waived attorney-client privilege and work-product protection with respect to opinion counsel, as well as trial counsel. *Beneficial Franchise Co., Inc. v. Bank One, N.A.*, 205 F.R.D. 212, 218 (N.D. Ill. 2001). However, the court held that the waiver of trial counsel work product protection was limited “to documents in trial counsel’s file that contradict or cast doubt on the opinions that were revealed” regardless of whether the documents were conveyed to the client or their contents discussed with the client. *Id.*

It is important to note that in *Beneficial* the alleged infringer’s

opinion counsel and trial counsel were members of different law firms. *Id.* at 219. Thus this broad waiver of attorney-client privilege and work-product protection occurs regardless of whether opinion counsel and trial counsel are from the same firm. Of course when opinion counsel serves as trial counsel, the court may well require the alleged infringer to produce all legal advice relating to the

The fact is that, in practice, experienced trial attorneys do not memorialize negative opinions. Even in the case of complete waiver, the client will not produce negative trial-counsel work product because none will exist.

subject matter of the opinion because it cannot differentiate between opinion and trial counsel, just as the *Novartis* court did.

The fact is that, in practice, experienced trial attorneys do not memorialize negative opinions. Even in the case of complete waiver, the client will not produce negative trial-coun-

sel work product because none will exist. When a client puts an opinion of counsel at issue by reliance on it, the client waives attorney-client privilege and possibly work-product protection with respect to the opinion. This can occur regardless of whether the same or different attorneys act as opinion and trial counsel. Since experienced trial attorneys do not memorialize negative opinions, the client will not be more adversely impacted by employing the same attorney or law firm than by using separate attorneys or law firms.

There are numerous advantages to employing the same attorney or law firm as opinion counsel and trial counsel. These advantages outweigh the risk that a dual role will result in disqualification of trial counsel, because the opining attorney is neither “likely to be a necessary witness” nor “ought to be” a witness. Furthermore, the risk associated with waiver of attorney-client privilege and work-product protection is realistically no greater for the client that uses the same attorney or law firm for opinion and litigation work than the client that uses separate attorneys or law firms.



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