

AN OVERVIEW OF THE BASICS

NONINFRINGEMENT Opinions

INTELLECTUAL PROPERTY ATTORNEYS SPECIALIZING IN PATENT LAW are often called on to render patent opinions. A substantial amount of background work goes into rendering these opinions. Such background work might include conducting infringement and validity searches; reviewing patents and file histories; consulting with technical experts; and exploring “on-sale,” public-use, best-mode, and inequitable conduct issues. Usually, writing the opinion only amounts to a small portion of the work involved. However, it’s the written opinion that undergoes the greatest scrutiny by the courts.

This article is intended to provide the general practitioner, corporate patent counsel, and intellectual property attorneys (who have only a few years of experience) with a basic understanding of the legal principles of patent law that often arise in noninfringement opinions. This article is also intended to provide guidelines for attorneys reviewing opinions to determine whether a particular written opinion should withstand scrutiny by the courts. This article only addresses noninfringement opinions. Nonetheless, there may be other reasons why a potential infringer may still be free to manufacture, use, and sell a proposed product or process. Such reasons might include invalidity and unenforceability that are not the subject of this article.

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Notice of the Patent— Duty of Care

When a potential patent infringer has notice of another's patent rights, it has an affirmative duty of due care. That affirmative duty of care normally would require obtaining competent legal advice of counsel before infringing or continuing to infringe.¹

Willfulness is determined from the state of mind of the infringer by examining the totality of the circumstances.² Proof of willful infringement must be by clear and convincing evidence.³

Because willful infringement is a question of intent, a party cannot be found to have willfully infringed a patent that it had no knowledge of.⁴ Thus, the duty to seek and obtain competent legal advice only arises when the potential infringer has notice of the patent.⁵ However, the Federal Circuit decided *sua sponte* to undertake *en banc* review of cases regarding the issue of drawing adverse inferences when a defendant has not obtained legal advice regarding infringement.⁶

Objectives of the Opinion

In writing an opinion or reviewing a written opinion, it's important to keep the objectives or purposes in mind. The primary purpose of a patent opinion is to advise the client of activities that would avoid infringement of an adversely held, unexpired, valid, and enforceable patent. Such activities include the client's proposed activities and "design around" activities. A charge of willful in-

fringement will usually not prevail when a potential infringer, in good faith, attempts to design around a patent.⁷

A secondary objective or purpose of the opinion is to avoid a finding of willful infringement. If infringement is found to be willful, the court may increase damages up to three times the amount found or assessed.⁸ For willful infringement to be found, there must be actual infringement, and secondly, there must be knowledge of the patent. For non-willful infringement, the infringer must have had a "good faith belief" that his or her activity was otherwise proper. The belief must have a reasonable basis. Good faith belief may be inferred from having obtained and relied on a timely, competent, and authoritative legal opinion.⁹

Timeliness

A factor that courts consider in determining willful infringement is whether the accused infringer relied on a timely opinion of the counsel. The sequential order of knowledge of patent infringement and commercialization by the accused infringer will be examined in determining willful infringement. Advice of counsel with regard to infringement should be obtained as quickly as possible. A potential infringer who has knowledge of the patent rights of another before commercialization must obtain legal advice before beginning any potential infringing activities.¹⁰ Knowledge of a patent that was obtained after commercialization will not bar a finding of willful infringement.

Fast Facts

- The primary purpose of a patent opinion is to advise the client of activities that would avoid infringement of an adversely held, unexpired, valid, and enforceable patent.
- Proof of willful infringement must be by clear and convincing evidence.
- A potential infringer, who has knowledge of the patent rights of another before commercialization, must obtain legal advice before beginning any potential infringing activities.

Again, the affirmative duty of an accused infringer normally entails obtaining competent legal advice before infringing or continuing to infringe.¹¹ For example, willfulness has been found where the infringing activities began before issuance of the patent and the infringement suit was filed 60 days after issuance of the patent.¹² Likewise, the Federal Circuit has cited an infringer's copying activities as pre-patent knowledge of a patent, and found that the infringer's continued production without obtaining an opinion of counsel was willful, even though the suit was filed nine days after the patent issued.¹³ Thus, promptly obtaining a competent opinion of counsel is important in avoiding a finding of willful infringement and an award of enhanced damages.

Reliance in Fact

Another factor courts will consider is "reliance in fact" on counsel's advice when the opinion is asserted as a defense to willful infringement. After the opinion is rendered, it is important to reconfirm that the commercial product or process utilizes or operates within the parameters set forth in the opinion as a basis for avoiding infringement.¹⁴

Competent Attorneys and Competent Opinions

Not only must the opinion be timely, but the opinion must also be competent. However, the opinion does not have to be correct. If the opinion has to be used as a defense to willful infringement, it is clear that

some of the conclusions in the opinion are indeed incorrect.

Opinion letters are reviewed by the courts to determine whether they evidence an adequate foundation based on all the necessary facts, or whether they are conclusory on their face.¹⁵ Counsel's opinion must be thorough enough, combined with other factors, to instill a belief in the infringer that a court might reasonably hold the patent invalid, not infringed, or unenforceable. In considering the reasonableness of the infringer's reliance upon an opinion of counsel, the opinion letter is reviewed for its overall tone, its discussion of case law, and its analysis of the particular facts.¹⁶ An infringer cannot have the good faith belief necessary to avoid willful infringement when he or she knows that counsel's opinion is based upon misstatements or omissions of fact that would affect the opinion.¹⁷

The opinion should analyze validity, infringement, and enforceability issues in detail, including discussions of the prior art, the accused device, and claim language of each claim separately, not the claims as a group. A failure to include a discussion of infringement under the doctrine of equivalents has contributed, among other deficiencies in the opinion, to a finding of willful infringement.¹⁸ However, a lack of a doctrine of equivalents analysis is not necessarily fatal, provided the opinion letter contains enough other indicia of competence.¹⁹

The competence of the opinion author has been raised in the context of (1) whether the author is an attorney, (2) whether the opinion is by in-house counsel or outside

counsel, and (3) whether the author had patent litigation experience.

As to the first question, an infringer may not escape a finding of willfulness by relying on in-house memos from engineers, executives, and other laypersons as to non-infringement or invalidity. Thus, the opinion author should be an attorney.

As to the second question, the Federal Circuit has indicated the fact that a corporation obtained the opinion from its own in-house counsel does not demonstrate a lack of good faith, but is a factor to be weighed.²⁰ A factor to be considered in determining the appropriateness of using in-house counsel is whether the accused infringer acted reasonably. Whether the infringer acted reasonably is not a question of whether the opinion author was in-house counsel or outside counsel, but whether the opinion was competent. That is, whether the opinion author exercised independence and the opinion included the elements of a competent opinion. The opinion author selected must be able to reach an unbiased, undirected conclusion based solely on a legal analysis of the facts and an interpretation of the law. Likewise, the fact that the infringer consulted an attorney who was not a patent attorney does not control, but does bear on the question of whether the infringer acted in good faith.

As to the third question, the Federal Circuit has considered, relevant to the issue of good faith reliance, the fact that a defendant obtained a non-infringement opinion from an attorney who had no in-court experience in patent litigation.²¹ However, lack of patent litigation experience will not be control-

ling provided the opinion has the elements of a competent opinion. The substance of the counsel's opinion and the sufficiency of counsel's investigation, as outlined in the extended version of this article, should be sufficient to establish that the opinion relied on was competent.

The extended version of this article can be found at http://www.michbar.org/e-journal/bar_journal/brooks_web.html. ♦



Cary W. Brooks started his career as an intellectual property attorney in 1986, and is currently employed by General Motors Corporation. He has courtroom patent and trademark trial experience, and has managed major patent litigation as an in-house

attorney. Mr. Brooks is the author of numerous articles on patent law, and is an instructor in Patent Resources Group's Winning Patents Workshop.

Footnotes

1. *Minnesota Min & Mfg Co v Johnson & Johnson Orthopaedics, Inc*, 976 F2d 1559 (Fed Cir 1992).
2. *Id.*
3. *Read Corp v Portec, Inc*, 970 F2d 816, rehearing en banc denied, 192 US App LEXIS 23811 (1992).
4. See generally, *American Original Corp v Jenkins Food Corp*, 774 F2d 459 (Fed Cir 1985).
5. *Jurgen v McKasy*, 927 F2d 1552 (Fed Cir 1991).
6. *Knorr-Bremse Fuer Nutzfahrzeuge GMBH v Dana Corp* (Fed Cir No 01-1357 9/26/03).
7. *Yarway Corp v Eur-Control/USA, Inc*, 775 F2d 268 (Fed Cir 1985).
8. 35 USC 284.
9. *Comark, Comm, Inc v Harris Corp*, 156 F3d 1182 (Fed Cir 1998).
10. *Underwater Devices, Inc v Morrison-Knudsen Company, Inc*, 717 F2d 1380 (Fed Cir 1983).
11. *Rolls-Royce Limited v GTE Valeron Corp*, 800 F2d 1101 (Fed Cir 1986).
12. *Ralston-Purina Co v Far-Mar-Co, Inc*, 772 F2d 1570 (Fed Cir 1985).
13. *Powerlift, Inc v Lang Tools, Inc*, 774 F2d 478 (Fed Cir 1985).
14. *Central Soya Company v Geo A Hormel & Company*, 723 F2d 1573 (Fed Cir 1983).
15. *Read Corp v Portec, Inc*, 970 F2d 816 (Fed Cir 1992), rehearing en banc denied, 192 US App LEXIS 23811 (1992).
16. *Ortho Pharma Corp v Smith*, 959 F2d 936 (Fed Cir 1992).
17. *Amsted Indus, Inc v Buckeye Steel Castings Co*, 24 F3d 178 (Fed Cir 1994).
18. *Datascope Corp v SMEC, Inc*, 879 F2d 820 (Fed Cir 1989), cert denied, 493 US 1024 (1990).
19. *Westvaco v International Paper Co*, 991 F2d 735 (Fed Cir 1983).
20. *Underwater Devices*, 717 F2d at 1390.
21. *SC Johnson & Sons, Inc v Carter-Wallace, Inc*, 781 F2d 198 (Fed Cir 1986).