CRAFTING AN EFFECTIVE
PATENT INVALIDITY OPINION — IS IT
THE LAST BASTION OF DEFENSE?

JEANNE M. GILLS

Presented on September 17, 2003
Practising Law Institute – Preparing Patent Legal Opinions
New York, New York

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¹ The views in this paper are those expressed by the individual author, and not necessarily by her law firm or its respective clients.

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I. OVERVIEW.

In today’s economic climate, clients want certainty — certainty as to the outcomes of business decisions, certainty as to anticipated profits and losses, and certainty as to how their products and services will impact the marketplace. As a company invests resources to protect its intellectual property assets, it becomes prudent to not only know how its products and services will be protected, but also essential to know what third party rights may be implicated. But how does a company best protect itself and its assets where access to information about its competitors’ or a third party’s activities is limited? While no company can be expected to have a crystal ball that predicts the future, certain prudent business measures are key to avoiding disputes and minimizing the risks and financial burdens of litigation. Aside from actively researching or monitoring the activities of competitors — particularly in primary or money-making market segments — a company must respond appropriately to actual and possible threats of infringement.

In the patent world, potential or actual threats of infringement cannot be taken lightly. As the Federal Circuit observed: “The rules of patent infringement are rules of business ethics, and require prudent commercial actions in accordance with the law.” This observation is particularly true where the patent statutes expressly provide for enhanced damages (up to treble damages) and, if the case is exceptional, attorneys’ fees. Indeed, the Federal Circuit has held that a holding of willful infringement is sufficient to make a case exceptional and entitles the opposing party to its attorneys’ fees. However, such entitlement is not absolute, and reasonable discretion reposes in the district court, on consideration of all the circumstances.

To avoid a finding of willful infringement, a client — upon receipt of actual notice of potentially infringing activity — should obtain a competent opinion of counsel as to the invalidity, non-infringement, and/or unenforceability of a patent. Any such opinion must be objective, accurate, and should thoroughly discuss all relevant facts and legal theories. It is preferred that the drafter of the opinion be a patent attorney who is skilled in the pertinent

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4 See 35 U.S.C. § 284 (“court may increase the damages up to three times the amount found or assessed”); 35 U.S.C. § 285 (“court in exceptional cases may award reasonable attorneys’ fees to the party”).


6 See SRI Int’l, 127 F.3d at 1468-69.
technology and that the attorney reduce her thoughts to writing. Finally, a well-crafted opinion is of no moment if the client fails to heed the advice. An opinion of counsel having these attributes is a key asset in establishing that a company has exercised its affirmative duty of care in avoiding infringing activity. While an opinion of counsel is not an absolute requirement to avoiding a willfulness finding, it can help establish good faith on the part of the prudent client that seeks to respect the legitimate patent rights of others.

To view the opinion of counsel as merely the last bastion of defense in a lawsuit ignores its use for offensive purposes. An effective and well-crafted opinion of counsel should advise the client about the legal and technological deficiencies of the disputed patent, as well as educate the client on the technology in general and the benefits and/or advantages of the client’s own products or processes. Moreover, an opinion can guide a client’s design-around efforts and provide insight on the relevant prior art that may impact the client’s own patents and innovations. Opinions of counsel may also come into play in the business context. A thorough opinion can calm the fears of a potential purchaser or investor in a company’s product or business. Additionally, an effective patent opinion can be a useful negotiating tool in seeking to avoid litigation through cooperative licensing arrangements.

Beyond recognizing the importance and usefulness of an opinion of counsel, due consideration should be given to the particular invalidity defenses asserted therein. Despite most defendants’ recitation of the principal invalidity defenses arising from 35 U.S.C. §§ 102, 103, 112 in answering a Complaint, recent statistics reveal that not all defenses are created equal. Indeed, a review of published patent decisions indicates that a non-infringement defense may be the most successful, while certain invalidity defenses are more successful than others. Accordingly, when seeking an opinion of counsel, the client should give some thought to emphasizing those defenses that are more likely to be asserted and ultimately successful in any dispositive motion, proceeding, or at trial.

This article is therefore an examination of the following topics:

- When Should an Opinion of Counsel be Drafted?
- Characteristics of an Effective Invalidity Opinion.
- Recent Case Law Evaluating the Impact of Invalidity Opinions involving the Principal Patent Invalidity Defenses on a Willfulness Defense.
• Statistical Evidence on Which Invalidity Defenses are the Most Effective.

If a company’s invalidity opinion is its last bastion of defense, the aim of this paper is to make that opinion as impenetrable as possible.

II. TIMING — WHEN MUST AN OPINION OF COUNSEL BE SOUGHT?

The Federal Circuit has held that when “an infringer has actual notice of a patentee’s rights, the infringer has an affirmative duty of care to avoid infringement.”7 This affirmative duty generally requires a potential infringer to obtain competent legal advice before continuing its potentially infringing activities.8 Actual notice of infringement generally comes in two forms: the patentee/licensee sends a cease and desist letter; or the patentee/licensee sues for patent infringement.9 In the context of a letter, it “is not controlling whether the patentee threatens suit, demands cessation of infringement, or offers a license under the patent.”10 A patent infringement suit is clearly actual notice.11 In any event, once the alleged infringer has been provided with such actual notice, the failure to seek an opinion of counsel will bear on the issue of willfulness.

Willfulness is a question of fact.12 In a willfulness inquiry, the court’s primary consideration is whether the infringer acting in good faith and upon due inquiry had sound reason to believe it had the right to act in the manner that was found to be infringing.13 A finding of willfulness requires clear and convincing evidence that, based on the totality of circumstances, the infringer lacked a reasonable basis to believe that its product or process was not within the scope of any valid claim of the patent in suit.14

However, a finding of willfulness does not mandate that damages be enhanced or that attorneys’ fees be awarded. In Read, the Federal Circuit enumerated nine factors that courts may

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9 A company may also come across a patent through its own investigation. For example, a company may have actual notice of a patent through a publication in the official USPTO Gazette or based on patent search. See Stryker Corp. v. Intermedics Orthopedics, Inc. 96 F.3d 1409, 1415 (Fed. Cir. 1996) (Gazette); SRI Int’l, 127 F.3d at 1465 (patent search).
10 SRI Int’l, 127 F.3d at 1470.
11 Crystal Semiconductor, 246 F.3d at 1344, 1351.
12 SRI Int’l, 127 F.3d at 1465.
13 Id. at 1464-65.
14 See, e.g., Transmatic, Inc. v. Galton Indus., Inc., 53 F.3d 1270, 1279 (Fed. Cir. 1995); Amstar Corp. v. Envirotech Corp., 823 F.3d 1538, 1544-47 (Fed Cir. 1987).
consider in determining whether, based on the facts and circumstances, a defendant’s actions warrant enhanced damages and/or attorneys’ fees. In many cases, the factor that gets the most attention is whether the infringer obtained and followed competent legal advice, such as following an opinion of counsel after receiving notice of the patentee’s claims. While an opinion of counsel is not required, many courts find that the failure to obtain such an opinion after being sued for infringement “mitigates strongly in favor of enhanced damages.” Preferably the opinion of counsel is sought before any potential infringing activity occurs. However, because this is not always practical in the real world, the opinion of counsel should be sought as soon as possible after notice is received. And, importantly, the advice contained in the opinion of counsel must be followed else it cannot serve as the basis for avoiding willfulness.

Additionally, it is not sufficient for a defendant to merely obtain an opinion of counsel for its own safe-keeping and private viewing. If a defendant obtains an opinion of counsel, yet asserts the attorney-client privilege in an ensuing lawsuit and fails to disclose the opinion’s contents, the Federal Circuit has held that a court may draw a negative inference that the opinion was “contrary to the infringer’s desire to initiate or continue its use of the patentee’s invention.”

III. THE “FOUR CORNERS” OF AN OPINION OF COUNSEL — THE KEY CHARACTERISTICS OF AN EFFECTIVE OPINION OF COUNSEL.

Underwater Devices is considered one of the leading cases discussing what constitutes an effective opinion of counsel. The Federal Circuit articulated that an opinion of counsel must

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15 See Read Corp. v. Portec, Inc., 970 F.2d 816 (Fed. Cir. 1992). Those factors include: (1) whether the infringer deliberately copied the ideas or designs of another; (2) whether the infringer, when he knew of the other’s patent protection, investigated the scope of the patent and formed a good-faith belief that it was invalid or that it was not infringed; (3) the infringer’s behavior as a party to the litigation; (4) defendant’s size and financial condition; (5) closeness of case; (6) duration of defendant’s misconduct; (7) remedial action by the defendant; (8) defendant’s motivation for harm; and (9) whether defendant attempted to conceal its misconduct. Id. at 826-87.

16 SRI Int’l, 127 F.3d at 1465.

17 See Novo Industries, L.P. v. Micro Molds Corp., 239 F. Supp. 2d 1282, 1289 and 1289-92 (S.D. Fla. 2002) (where no opinion obtained, court declined to award attorneys’ fees but did double damages award, where some factors weighted slightly in favor of enhanced damages (i.e., defendants’ copying, remedial acts, and duration of infringement) while other factors did not (i.e., defendant’s behavior in litigation, its size and financial condition, and where no attempt to conceal)).

18 See, e.g., Tate Access Floors, Inc. v. Interface Architectural Resources, Inc., 185 F. Supp. 2d 588, 606 (D. Md. 2002) (failure to get an opinion of counsel prior to beginning infringement is not a per se breach of a duty of care).


meet the standard of having within its “four corners,” sufficient “indicia of credibility” that reliance on the opinion is justified.\textsuperscript{21} The Federal Circuit considered several criteria in determining whether the opinion was sought and relied upon in good faith, namely: whether the opinion was drafted by independent outside counsel with knowledge of the substantive areas; whether the drafter had adequately reviewed the patent and the file history; and whether there was other evidence of reliability in the opinion’s contents to warrant its competence.\textsuperscript{22} In Underwater Devices, the patent owner sued the accused infringer for infringing on two patents directed to a method and an apparatus for laying underwater pipes. The accused infringer’s in-house counsel ordered a prior art search and wrote a memorandum advising that the patents were invalid.

In criticizing the “opinion” proffered, the Court observed:

The May, 1974 memorandum is similarly inadequate. It contains only bald conclusory and unsupported remarks regarding validity and infringement of the Robley patents. Had it contained within its four corners a patent validity analysis, properly and explicitly predicated on a review of the file histories of the patents at issue, and an infringement analysis that, \textit{inter alia}, compared and contrasted the potentially infringing method or apparatus with the patented inventions, the opinion may have contained sufficient internal indicia of creditability to remove any doubt that M-K in fact received a competent opinion. What these memoranda clearly demonstrated was M-K’s willful disregard for the Robley patents. The appellant clearly failed to exercise its affirmative duty.\textsuperscript{23}

Since the Federal Circuit’s decision in Underwater Devices, numerous courts have emphasized that a competent opinion of counsel must have certain attributes: (a) it should be objective; (b) it should be accurate; (c) it should be thorough and should discuss all relevant facts (\textit{i.e.}, the file history, prior art of record, and other relevant prior art) and should address all relevant theories of non-infringement, invalidity, and/or unenforceability; (d) it should be authored by competent outside patent counsel who has knowledge of the patent laws and the relevant technology; and

\textsuperscript{21} Id. at 1390.
\textsuperscript{22} Id.
\textsuperscript{23} Id.
(e) it should be written, as opposed to oral. Finally, such an opinion is meaningless and of no use in a litigation to the purported infringer if the advice is not followed.\textsuperscript{24}

\textbf{A. The Opinion Must Set Forth An Objective — Rather Than A Subjective Or Conclusory — Analysis.}

A key indicator of a competent opinion is its objectivity, and courts clearly favor invalidity opinions that provide an objective legal analysis rather than an opinion full of conclusory or subjective statements. For example, in \textit{Westvaco}, the Federal Circuit reversed a finding of willfulness because the district court erred in its determination that reliance upon the opinion of counsel was not justified.\textsuperscript{25} The court held that Westvaco properly relied on the advice of the outside counsel where the validity and infringement issues were analyzed thoroughly and in a detailed manner, including separate discussions of the prior art, the accused device, and the claim language.\textsuperscript{26} In that case, Westvaco had attempted to design around the patent owner’s design. Before marketing its product, Westvaco’s in-house counsel sought the advice of outside counsel regarding validity and infringement.\textsuperscript{27} In communications with the outside counsel, Westvaco’s attorney arguably encouraged the outside counsel to include a positive opinion regarding anticipation. Instead, the outside counsel “concluded exactly contrary to Westvaco’s suggestions: ‘None of the prior art references anticipates any of the claims.’”\textsuperscript{28} According to the court, this “fact supports the independent, and therefore reliable, nature of counsel’s opinion.”\textsuperscript{29}

In contrast, \textit{In re Hayes} illustrates how courts discredit invalidity opinions lacking in objectivity.\textsuperscript{30} There, the Federal Circuit upheld a jury finding of willfulness where the invalidity opinion lacked legal analysis and substance. Hayes sued Ven-Tel for infringement of its patent directed to a mechanism for controlling the mode of operation of a computer modem. Ven-Tel appealed the district court’s finding of willfulness. The Federal Circuit affirmed, reasoning that

\begin{itemize}
\item \textsuperscript{24} See \textit{Central Soya Co., Inc. v. Geo. A. Hormel & Co.}, 723 F.2d 1573 (Fed. Cir. 1983).
\item \textsuperscript{25} \textit{Westvaco Corp. v. International Paper Co.}, 991 F.2d 735, 744 (Fed. Cir. 1993).
\item \textsuperscript{26} \textit{Id.}
\item \textsuperscript{27} \textit{Id.}
\item \textsuperscript{28} \textit{Id.} at 744.
\item \textsuperscript{29} \textit{Id.} at 744-45.
\item \textsuperscript{30} \textit{In re Hayes Microcomputer Products, Inc.}, 982 F.2d 1527 (Fed. Cir. 1992).
\end{itemize}
Ven-Tel did not establish a good faith belief that the patent was invalid or not infringed.\textsuperscript{31} Ven-Tel pointed to its attorney’s opinion letter as evidence of its good faith. However, the court described the opinion as conclusory and lacking support where the opinion ambiguously described a situation where “the lawyers ‘invented a patent’ ... rather than ‘patenting an invention’ made by an engineer.”\textsuperscript{32} The court also noted that the opinion was deficient because it failed to relate the conclusion of invalidity to any prior art or any specific claims of the invention.\textsuperscript{33}

A defendant’s failure to obtain an opinion prior to the initiation of its infringing activity may also bear on the issue of objectivity. The \textit{SRI Int’l} case is an example of where the opinions of counsel sought gave the appearance of serving as a protective device against willful infringement, rather than a genuine effort to assess the validity of the asserted patent. In \textit{SRI Int’l}, the district court awarded plaintiff treble damages after finding that the defendant’s infringement was willful. Advanced Technology Labs (“ATL”), the adjudged infringer, appealed the district court’s enhanced damages award. In evaluating the totality of the circumstances, the court considered ATL’s opinions of counsel from three different attorneys (two in-house counsel and one outside counsel). The district court criticized each opinion in turn, finding all of them to be insufficiently objective.\textsuperscript{34} The Federal Circuit affirmed, reasoning that all three opinions were insufficient to support a good faith belief in the non-infringement or invalidity of the patent. Specifically, ATL’s first opinion was described as “conclusory and woefully incomplete” where it contained incorrect technical information on the issue of infringement and thus was not “a good faith statement of non-infringement advice on which ATL could rely.”\textsuperscript{35} The Federal Circuit found ATL’s second opinion lacking in substance and analysis where its attorney simply repeated the patent examiner’s arguments, which were resolved in SRI’s favor during prosecution of the patent.\textsuperscript{36} ATL’s third opinion was deemed “too little, too late, coming seven years after” the infringing activity began.\textsuperscript{37}

\begin{thebibliography}{9}
\bibitem{31} \textit{Id}. at 1530.
\bibitem{32} \textit{Id}. at 1543.
\bibitem{33} \textit{Id}.
\bibitem{34} \textit{Id}. at 1465-9.
\bibitem{35} \textit{Id}. at 1466-67.
\bibitem{36} \textit{Id}. at 1466.
\bibitem{37} \textit{Id}. at 1467.
\end{thebibliography}
B. The Opinion Must Be Accurate.

It goes without saying that an opinion of counsel should be accurate — both legally and factually. While the infringer’s state of mind is the principal inquiry, and even an opinion containing errors may avoid a willfulness finding, the most effective legal opinion will contain no errors of law. As the Federal Circuit observed in *Ortho Pharmaceutical*, “while an opinion of counsel letter is an important factor in determining the willfulness of infringement, its importance does not depend upon its legal correctness.” Rather, “counsel’s opinion must be thorough enough, as combined with other factors, to instill a belief in the infringer that a court might reasonably hold the patent invalid, not infringed, or unenforceable.” Here, while flawed, the infringer’s reliance on the opinion was reasonable because the opinion’s overall tone, discussion of case law, and analysis of facts indicated a credible opinion by competent counsel.

However, *Yamanouchi* illustrates that certain deficiencies in an invalidity opinion can be severe enough to render the invalidity opinion useless in defending willfulness. In *Yamanouchi*, the court affirmed a finding of willfulness where the invalidity opinion contained a factual error. Yamanouchi owned a patent related to a drug to inhibit gastric acid secretion for treatment of heartburn and ulcers. Yamanouchi brought an infringement suit against Danbury, who sought to market a generic version of the drug based on its belief that the patent was invalid as obvious. However, the legal opinion Danbury obtained from its patent attorney contained a chemistry error, which error caused the attorney to reach his obviousness conclusion. Also fatal to Danbury’s case was its expert’s admission that he knew that the attorney’s patent...

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38 *Ortho Pharmaceutical Corp. v. Johnson & Johnson Corp.*, 959 F.2d 936, 944-45 (Fed. Cir. 1992) (“The analysis of the case law provided by Ortho’s counsel, whether technically accurate or not, could have led Ortho to believe that its ‘pro drug’ conversion was not an infringement.”).

39 *Id.* at 944.

40 *Id.* at 945. Likewise, as illustrated by the Federal Circuit in *Golan*, an attorney opinion containing errors may not evidence bad faith or unfair competition. *See Golan v. Pingel Enterprise, Inc.*, 310 F.3d 1360 (Fed. Cir. 2002). In that case, Pingel sought advice from counsel in ongoing contemplation on whether to file suit against Golan. Pingel’s attorney mistakenly told Pingel that its patent had not expired when in fact it had prior to when Pingel sent its cease and desist letters. *Id.* at 1364-65. As the court explained, “Pingel in asserting patent infringement … had no reason to believe an attorney would provide the wrong date of patent expiration,” and that while “the evidence of record relating to Pingel’s reliance on attorney advice while potentially inaccurate and questionable, does not support Golan’s claim that Pingel acted in bad faith.” *Id.* at 1373.


42 *Id.* at 1347.
interpretation was incorrect since the patent nowhere described the formulation relied upon.\footnote{Id.} It thus came as no surprise that the Federal Circuit affirmed the district court’s finding that the case was exceptional and warranted the grant of attorneys’ fees where Danbury knew about the error, and thus could not have reasonably relied on the opinion.

\section*{C. The Opinion Must Thoroughly Discuss All Relevant Facts And Theories Of Non-Infringement, Invalidity, And/Or Unenforceability.}

An opinion of counsel is also more likely to ward off a willfulness finding where it is thorough factually and legally. As a starting point, the drafting attorney should start with a base understanding of the relevant facts, the patent, the file history, and the prior art (both the art before the USPTO and any other relevant prior art uncovered).\footnote{See Westvaco, 991 F.2d at 744.} For example, in \textit{Critikon}, the Federal Circuit reversed a non-willfulness finding where several of the opinions of counsel obtained failed to discuss the infringing catheter and failed to meaningfully address the patent prosecution history and the specific claims and their interpretation.\footnote{Critikon, Inc. v. Becton Dickinson Vascular Access, Inc., 120 F.3d 1253 (Fed. Cir. 1997).} Another lesson learned from \textit{Critikon} is the need to update opinions of counsel in the case of significant design changes.\footnote{While the defendant had obtained eight opinions of counsel, the court focused only on the four opinions that were received prior to the marketing of the infringing catheter product in determining the reasonableness of the defendant’s actions. Those first four opinions dealt with a short nosed device that was eventually discarded by the defendant in favor of a long nosed design when the short nosed design proved dangerous and commercially unacceptable. However, as the court observed, significant design changes warrant a new opinion. \textit{Id.} (citing Ryco, Inc. v. Ag-Bag Corp., 857 F.2d 1418 (Fed. Cir. 1988)).}

Likewise, an effective opinion should analyze all relevant grounds of invalidity and/or noninfringement. In \textit{Sensonics}, the Federal Circuit affirmed a finding that the infringement was not willful even though the opinion of counsel was deficient.\footnote{Sensonics, Inc. v. Aerosonic Corp., 81 F.3d 1566 (Fed. Cir. 1996).} Sensonics sued Aerosonic for infringement of its patent on an electromagnetic vibrator used in aircraft instruments. Aerosonic essentially copied the design, and at trial argued that the patent was invalid as obvious. The court explained that the opinion was flawed because it did not address facts clearly indicating that the invention was not obvious, such as the fact that Aerosonic copied the design and other objective indicia of non-obviousness.\footnote{\textit{Id.} at 1571.} However, the court declined to find willfulness because
the opinion was overall credible, despite its flaws. While the court did not find willfulness here, this case is a clear warning that an effective invalidity opinion should address all grounds for invalidity.

Datascope is also instructive since the Federal Circuit reversed the district court’s finding of non-willfulness where the opinion of counsel “said nothing whatever about the validity of the ’339 patent or any Datascope patent, and the opinions reference to infringement is only conclusory.” Explaining the deficiency of the opinion, the court stated that the opinion “ignores entirely the question of infringement under the doctrine of equivalents. Further, an opinion on equivalents in this case would have been impossible, SMEC’s attorneys having never ordered, let alone consulted, the ’339’s prosecution history before rendering their opinion.”

D. The Drafter Of The Opinion Should Be Skilled In The Patent Laws And The Relevant Technology.

Several courts have also emphasized the importance of the drafter of the opinion. Aside from a clear preference for an independent outside counsel, the case law also emphasizes the need for a skilled patent attorney with the appropriate technical background and understanding of the patented invention. The view is that there is a greater chance that the outside counsel will exercise objectivity in drafting the opinion hence making it more credible. Also, because patent law is a specialized field, a person with a background in patents is inherently more credible.

The risk of using non-patent counsel is illustrated by Acoustical Design. In Acoustical Design, the Federal Circuit upheld the award of treble damages and attorneys’ fees to the patentee where the accused infringers sought only the opinion of general counsel rather than

49 Id.

50 Similarly, while there is no requirement that an opinion of counsel address both invalidity and non-infringement, in many instances, it is prudent for the attorney to analyze both — particularly where a deficiency on one issue may be compensated for by a strong analysis on another issue. For example, in Graco, the Federal Circuit reversed a willfulness finding even though counsel had failed to consider the prosecution history and validity of the patent, but had provided a detailed, well supported, non-conclusory infringement analysis. Graco, Inc. v. Binks Mfg. Co., 60 F.3d 785 (Fed. Cir. 1995). The Federal Circuit explained that “the nature, timing, and number of the contacts between [the patent owner and the accused infringer] and their counsel clearly shows that they were, from the start, concerned with acknowledging Graco’s intellectual property and respecting its patent rights in both patents that were relevant. Id. at 794. Thus, the accused infringer’s reliance on the opinion — despite its deficiencies — was reasonable, and a finding of willfulness was improper.

51 Datascope Corp. v. SMEC, Inc., 879 F.2d 820, 828 (Fed. Cir. 1989).

52 Id.

patent counsel on the issues of infringement and validity of the patents at issue. ADI was the assignee of two patents directed to a sound masking system. ADI had an agreement with Control Electronics whereby Control Electronics would be the exclusive manufacturer of the products covered by the two patents and ADI would have the exclusive rights to market the products.\footnote{Id. at 940.} After Control Electronics failed to pay ADI commissions due under the agreement, yet continued to manufacture and sell the products, ADI sued for patent infringement and breach of contract. The district court concerned with the jury’s finding that Control Electronics willfully infringed the patents and thus awarded treble damages and attorneys’ fees to ADI.\footnote{Id. at 942.} Declining to reverse the district court’s findings, the Federal Circuit explained, “[a]ppellants concede that they only sought the opinion of general, not patent counsel with regard to validity and infringement of the patents; they have not demonstrated that this procedure led to a good faith belief that the patents were either invalid or not infringed.”\footnote{Id.}

However, in some instances, an opinion by an in-house counsel may suffice. In \textit{Studiengesellschaft Kohle}, the Federal Circuit held that the accused infringer acted reasonably by relying on in-house patent counsel that was sufficiently qualified.\footnote{Studiengesellschaft Kohle, m.b.H. v. Dart Industries, Inc., 862 F.2d 1564 (Fed. Cir. 1988).} There, the attorney who authored the opinion had been monitoring the relevant field for three years prior to the patent’s issuance. Thus, his prior review of the technology and the industry deemed him sufficiently qualified in the eyes of the Court.\footnote{Id. at 1576.} Use of an in-house counsel is therefore not inherently wrong, but it is a factor that may reach in favor of finding willfulness if the in-house counsel is not deemed qualified.

Perhaps even more fatal to an opinion of counsel is a drafter’s incomplete understanding of the technical aspects of the invention. In \textit{Amsted}, the Federal Circuit affirmed the district court’s willfulness finding where the accused infringer relied on an opinion of counsel wherein the drafter lacked full and complete knowledge of the invention’s functions.\footnote{Amsted Industries, Inc. v. Buckeye Steel Castings Co., 24 F.3d 178 (Fed. Cir. 1994).} In that case, the patentee sued for infringement of its patent directed to a component on a railroad car. The

\textit{Id.}
accused infringer, Buckeye, was Amsted’s competitor. After unsuccessfully attempting to
design around and/or license the patent, Buckeye copied the patented design. Buckeye argued
that it copied the design only after forming a good faith belief that the patent was invalid by
relying on an invalidity opinion of outside counsel.\footnote{Id. at 181.} However, the attorney who authored the
opinion testified that the “opinion was ‘preliminary’ and ‘just an off-the-cuff kind of thing’ and
that he did not intend for it to be a final opinion on which Buckeye would rely”.\footnote{Id. at 182.} In a letter to
Buckeye, the attorney also stated that he never made a thorough search for prior art patents.
Finally, the engineering director at Buckley, who was the principal liaison between Buckley and
the attorney, knew that the attorney didn’t completely understand the invention. Thus, because
the opinion’s author lacked a complete understanding of the invention, his invalidity opinion
would be based on less than full knowledge, and was a factor which undermined the objectivity
and competence of the opinion.\footnote{Id. at 182-83.}

E. \textit{A Written Opinion Is Preferred.}

It is well settled that courts prefer written invalidity opinions rather than oral opinions,
and thus oral invalidity opinions are accorded less weight.\footnote{See Atmel Corp. v. Silicon Storage Technology, Inc., 202 F. Supp. 2d 1096, 1106 (N.D. Cal. 2002) (“But on
the facts presented at trial, Mr. Yin [the attorney], having himself acknowledged that he did not have all the
information necessary to make a competent opinion, an opinion which he rendered orally before reviewing the file
history, is presumed to have acted in such a way so as to force this Court to question the competence of his opinion.
Therefore, the Court sees no alternative but to allow this factor to influence its decision to enhance the damages
award.”).} As the Federal Circuit explained in 3M, oral opinions are disfavored because they are difficult to prove years later due to difficulty remembering and the prospects of litigation.\footnote{Minnesota Mining and Manufacturing Co. v. Johnson & Johnson Orthopedics, Inc., 976 F.2d 1559, 1580
(Fed. Cir. 1992) (JJO had no reasonable basis to rely on it because it was oral and not objective, and because such
oral opinions “carry less weight, for example, because they have to be proved perhaps years after the event, based
only on testimony which may be affected by faded memories and the forces of contemporaneous litigation.”).}

However, whether an opinion is oral or written is only one factor courts consider in the totality of the circumstances test for willful infringement.

For example, in \textit{Radio Steel}, the Federal Circuit affirmed the district court’s finding of no willfulness despite the infringer’s reliance on an oral opinion.\footnote{Radio Steel & Mfg. Co. v. MTD Products, Inc., 788 F.2d 1554 (Fed. Cir. 1986).} Radio Steel brought an action for patent infringement against MTD, asserting its patent on an improved wheelbarrow.
district court held that MTD infringed Radio Steel’s patent, but declined to find that MTD’s infringement was willful.\textsuperscript{66} Despite expressing a clear preference for written invalidity opinions, the Federal Circuit affirmed the finding of non-willfulness, explaining:

\begin{quote}
This is not a case in which an outside patent attorney initially was reluctant to give an oral opinion based on the facts before him, but was pressured or coerced into doing so by his client, or in which the client previously had received a number of carefully prepared written opinions but in the particular case had acted on the basis of an oral, almost off-the-cuff opinion.\textsuperscript{67}
\end{quote}

\textbf{F. The Advice Must Be Followed.}

As previously discussed, a well written opinion of counsel is of no moment if the advice therein is not relied upon or followed. In \textit{Central Soya}, the Federal Circuit affirmed a finding of willful infringement where Hormel, the adjudged infringer, obtained advice of counsel but did not follow it.\textsuperscript{68} The opinion letter explained that if one particular characteristic of Hormel’s product were outside a certain specification, it would likely not be infringing on Central Soya’s patent. However, Hormel waited more than two years to measure this specification on its own product. Thus, the court affirmed the district court’s finding of willfulness. The court explained that to overcome a willfulness finding, the adjudged infringer “had not only to show an opinion from competent counsel but also that it had exercised reasonable and good faith adherence to the analysis and advice therein.”\textsuperscript{69}

\textbf{IV. EVALUATION OF THE IMPACT OF INVALIDITY OPINIONS OF COUNSEL ON THE PRINCIPAL PATENT INVALIDITY DEFENSES.}

35 U.S.C. § 282 provides that a patent shall be presumed valid. However, a defendant can rebut this presumption of validity by clear and convincing evidence.\textsuperscript{70} And the typical

\textsuperscript{66} \textit{Id.} at 1555.
\textsuperscript{67} \textit{Id.} at 1559.
\textsuperscript{68} \textit{Central Soya}, 723 F.2d at 1577.
\textsuperscript{69} \textit{Id.} See also \textit{Stryker Corp. v. Davol Inc.}, 234 F.3d 1252 (Fed. Cir. 2000). In \textit{Stryker}, the Federal Circuit affirmed a willfulness finding where the accused infringer sought an opinion of counsel too late and then failed to follow it. Stryker and Davol both manufactured an irrigation control valve for endoscopic instruments. Davol copied its design for the device from Stryker, who filed a patent application that ultimately matured into the patent in suit. Once the patent issued, Davol sought an opinion of counsel regarding noninfringement of Stryker’s patent. \textit{Id.} at 1255-56. The Federal Circuit deemed Davol’s actions as too late and further explained that “reliance on the opinions of counsel was not reasonable, that it did not in fact follow these opinions, and that the designs of the accused devices were finalized before obtaining an opinion of counsel.” \textit{Id.} at 1259.
\textsuperscript{70} \textit{See Transclean Corp. v. Bridgewood Services, Inc.}, 290 F.3d 1364 (Fed. Cir. 2002).
defendant — at the outset of a litigation or a dispute — raises invalidity defenses based on Sections 102, 103, and/or 112 of the patent statutes. The following sections briefly outline some recent cases in which defendants have asserted invalidity opinions of counsel involving these defenses to defeat the charge of willfulness.

A. Use Of Invalidity Opinions In Section 102 Cases.

Three major invalidity defenses are derived from Section 102 of the patent statutes: anticipation, on-sale bar, and public use bar. A patent claim is invalid as anticipated if each and every limitation of the asserted claims is found either expressly or inherently in a single prior art reference.71 To anticipate, the reference must also enable one of skill in the art to make and use the claimed invention.72 A patent is also invalid if the claimed invention was publicly used or offered for sale more than one year before the filing date of the application.73 To establish an on-sale bar, it must be shown that the device fully anticipated the claimed invention or would have rendered it obvious.74 Further, the adverse party must show by clear and convincing evidence that, prior to the critical date, the device claimed to be sold was: (1) the subject of a commercial offer for sale and not primarily for purposes of experimentation; and (2) was ready for patenting.75 The following cases discuss invalidity opinions of counsel in the context of an accused infringer raising a § 102 defense.

For example, in Transclean, Bridgewood was sued for infringement of Transclean’s patent directed to an automatic transmission fluid changing apparatus. The district court declared the patent not invalid but did not award enhanced damages.76 The Federal Circuit affirmed the district court’s holding that the patents were not invalid as anticipated and affirmed the finding that enhanced damages were improper.77 The court explained that two prior art patents did not anticipate Transclean’s patent because neither prior art patent contained every limitation of Transclean’s patent. The court further explained that Transclean is not entitled to

72 Transclean, 290 F.3d at 1370.
76 Transclean, 290 F.3d at 1369.
77 Id. at 1377.
enhanced damages for willfulness because Bridgewood demonstrated good faith: “Bridgewood argued that when it received advice from its patent attorney concerning the patentability of its invention over [Transclean’s] patent, it received an implicit opinion of noninfringement.”78 Even though Bridgewood did not seek a separate invalidity opinion, its reliance on the advice of its patent attorney was sufficient to avoid a finding of willfulness.79

In Glaxo Group, although the defendant proffered anticipation arguments in the litigation, the failure to obtain a prior opinion of counsel was fatal to its willfulness defense.80 In that case, GlaxoSmithKline sued Apotex for infringement of two patents directed to an antibiotic where Apotex sought approval to sell a generic form of the antibiotic. Apotex argued that GlaxoSmithKline’s patents were invalid for anticipation by inherency since various elements of the patents were inherently disclosed by the teachings of a prior art patent. Apotex offered testimony from one of its scientists who experimented with the teachings of the prior art patent as evidence that the claims were inherently anticipated.81 However, the court was skeptical about the credibility of the scientist’s testimony because he was also using one of GlaxoSmithKline’s patents for guidance to perform his experiments. Thus, the court found that Apotex did not show by clear and convincing evidence that GlaxoSmithKline’s patents were anticipated.82

Having rejected Apotex’ invalidity arguments, the court found Apotex’ infringement willful. According to the court, Apotex did not meet its duty to exercise due care to avoid infringement upon notice of a patent. The CEO of Apotex did not obtain an opinion of patent counsel regarding non-infringement or invalidity. The CEO referred to the “hearsay declaration of a hired expert witness that was filed in Canada as justification for proceeding with his infringing generic product.”83 The court thus concluded, “under any standard, this does not

78 Id. at 1377.
79 Id. Likewise, in Omniglow, reliance on persons in industry and a possible oral opinion from counsel was enough for the court to deny summary judgment on willfulness. Omniglow Corp. v. Unique Industries, Inc., 184 F. Supp. 2d 105, 114 (D. Mass. 2002).
81 Id. at *47.
82 Id. at *48-50.
83 Id. at *53-54.
qualify as ‘due care.” Furthermore, the court in holding that the infringement was willful, noted the CEO could have easily afforded patent counsel and he should have known of his duty to obtain an opinion of patent counsel from his experience with other U.S. lawsuits.  

**B. Use Of Invalidity Opinions In Section 103 Cases.**

Many defendants also raise the defense of obviousness under 35 U.S.C. § 103 to defend an infringement allegation. Obviousness is a question of law based on underlying factual findings. An invention is obvious in view of a combination of references only if there is some suggestion, motivation, or teaching in the prior art that would have led a person of ordinary skill in the art to select the references and combine them in such a fashion so as to produce the claimed inventions. The following cases discuss invalidity opinions in the context of an accused infringer raising a § 103 defense of obviousness.

In *Vulcan*, the plaintiff owned a patent directed to a method of casting metal articles. Both Vulcan and Fata submitted competing bids to GM for a job. GM awarded the contract to Fata. However, Vulcan sent Fata a letter stating that Vulcan thought that any method used to complete the job to General Motor’s specifications would likely be infringing on its patent. Fata then sought legal advice and continued work on the job. Vulcan sued Fata for patent infringement and Fata counter-claimed challenging the validity of the patent on several grounds, including obviousness. The district court upheld the validity of Vulcan’s patent, but found that Fata had infringed, although such infringement was not willful.

On appeal, the Federal Circuit affirmed the finding that the patent was not invalid, and restated the district court’s explanation that nothing in the prior art suggests or teaches the invention claimed in any of the prior art references or any combination of prior art. The court also noted that Vulcan’s system received recognition in articles and trade journals, thus

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84 *Id.* at *52.
85 *Id.* at *54.
86 *Vulcan Eng’g Co., Inc. v. Fata Aluminum, Inc.*, 278 F.3d 1366, 1372 (Fed. Cir. 2002).
87 *Id.; see also C.R. Bard, Inc. v. M3 Sys., Inc.*, 157 F.3d 1340, 1352 (Fed. Cir. 1998).
88 *Vulcan*, 278 F.3d at 1371.
89 *See id.* at 1370.
90 *Id.*
91 *Id.* at 1372.
evidencing non-obviousness. The court also affirmed the finding that Fata’s infringement was not willful since it met its duty to seek legal advice after receiving notice of possible infringement.\footnote{Id. at 1379.} While “Fata did not show that it obtained legal advice before submitting its bid, it acted promptly upon receiving notice of infringement, at a time when its bid had been accepted but no other infringing activity was shown.”\footnote{Id.} Because it was a close case, the Federal Circuit also deferred to the district court’s judgment on this issue, explaining that the district court had considered the issue thoroughly.\footnote{Id. at 1353-54.}

The failure to obtain an opinion of counsel on the issue of willfulness was not fatal to the defendant’s willfulness defense in \textit{Jack Schwartz}.\footnote{Jack Schwartz Shoes, Inc. v. Skechers U.S.A., Inc., No. 00 Civ. 7721, 2002 U.S. Dist. LEXIS 25699 (S.D.N.Y. September 9, 2002). But compare Golight, Inc. v. Wal-Mart Stores, Inc., 216 F. Supp. 2d 1175, 1185 (D. Colo. 2002) (Wal-Mart unsuccessfully raised a non-infringement and obvious defense, and the court criticized Wal-Mart’s reliance on a “crudely drafted, cursory one-page letter from Innovative [manufacturer of accused device] as all the assurance that it needed that it was not infringing,” where “it is undisputed that Wal-Mart took no action to curtail sales of the accused light after receiving a cease and desist letter, and produced no evidence that it had obtained” any other legal opinion).} Jack Schwartz Shoes, Inc. (“JSSI”) brought a patent infringement suit against Skechers to assert its design patent directed to an ornamental shoe design. Specifically, the invention was a wallabee-type shoe with a seven-sided buckle and strap. JSSI sent Skechers a cease-and-desist letter notifying Skechers of the patent and demanding that it stop selling the accused product.\footnote{Id. at *4-5.} However, Skechers continued to sell its product without seeking the advice of counsel. At trial, Skechers argued that the patent was invalid because the patent was obvious in light of the prior art. The court held that the patent was not invalid for obviousness and that Skechers did not willfully infringe JSSI’s patent.\footnote{Id. at *26-31, 48 and 51-57.}

Although Skechers produced expert testimony that a professional in the shoe industry for over 35 years thought that JSSI’s design was obvious, the court rejected that argument reasoning that although the prior art references “demonstrate the existence of the various elements” of
JSSI’s patent, “they do not suggest that the design in the patent was obvious, because they do not suggest the combination of the elements into a single shoe.”98 Additionally, the court declined to find willfulness even though Skechers did not seek an opinion of counsel upon receiving notice of JSSI’s patent.99 The court reasoned that Skechers provided evidence that it had a good faith belief that its product did not infringe the patent. Prior to the issuance of JSSI’s patent, Skecher’s general counsel and vice-president responded to letters from JSSI arguing that they did not believe the invention was the subject of a valid patent. Additionally, JSSI sued Skechers only one month after the patent issued and during this time, Skechers examined the patent history.100 Finally, the court rejected JSSI’s argument that infringement was willful because Skechers copied their design. The court pointed to a complete lack of direct evidence showing that Skechers copied the design where there was only vague evidence of employees’ familiarity with JSSI’s design at the time they designed the accused product.101

C. Use Of Invalidity Opinions In Section 112 Cases.

Several defenses may be raised based on a patentee’s failure to comply with the requirements of 35 U.S.C. § 112. The most commonly raised § 112 defenses include inadequate written description, lack of enablement, failure to disclose best mode, and indefiniteness. To satisfy the written description requirement, the specification of the patent must contain a written description of the invention.102 Enablement is generally defined as informing a person of ordinary skill in the art how to make and use the invention without undue experimentation.103 The best mode requirement provides that the inventor must disclose the best mode of the invention, meaning the best manner of practicing the invention, or the best operative example, known to the inventor. Finally, the basis for the requirement that patent claims must be definite is that the function of the patent is to identify what the invention consists of; thus, where one or more patent claims are not sufficiently clear that those skilled in the art would understand what is

98 Id. at *31.
99 Id. at *53-57.
100 Id. at *56-57.
101 Id. at *56.
claimed, the patent is invalid for indefiniteness. The following cases discuss invalidity opinions of counsel in the context of an accused infringer raising a § 112 defense.

In *LNP*, the plaintiff (LNP) was the licensee of two patents directed to a method of manufacturing a component of a type of plastic material.\(^{104}\) LNP sued Miller (known as RTP) for infringement. The Federal Circuit affirmed the district court’s finding that one of the patents was not invalid for indefiniteness, but reversed the district court’s finding that the other patent was not invalid for obviousness.\(^{105}\) As to the issue of indefiniteness, the parties disputed whether the claims sufficiently delineated the meaning of the term “substantially completely wetted.” However, the Federal Circuit affirmed the finding that the patent was not invalid for indefiniteness because a claim in the parent patent specifically defined the claim.\(^{106}\)

As to the issue of willful infringement, the Federal Circuit affirmed the district court’s finding of no willfulness even though RTP waited two years after it had notice of the patents to seek an opinion of counsel. The Federal Circuit reasoned that LNP did not object to RTP’s use of the opinions at trial to rebut accusations of willful infringement: “because LNP did not argue that these letters were inadmissible at trial and because LNP itself moved one of the letters into evidence, the district court did not abuse its discretion in admitting the letters.”\(^{107}\) The Federal Circuit further explained that because LNP failed to raise these arguments, the district court did not err in finding that RTP was not willful.\(^{108}\)

The *Advanced Display Systems* case is instructive on the issue of a patent opinion’s inability to save a defendant from a willfulness finding where its litigation tactics were improper.\(^{109}\) In that case, Kent State was the co-owner of a patent on a polymer-free liquid crystal display (LCD) device. After Advanced Display Systems (“ADS”) unsuccessfully attempted to develop its own polymer-free LCD, it essentially copied Kent’s device and filed its own patent application.\(^{110}\) Kent learned of ADS’ device and threatened to sue for infringement,

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\(^{104}\) *LNP Eng’g Plastics, Inc. v. Miller Waste Mills, Inc.*, 275 F.3d 1347 (Fed. Cir. 2001).

\(^{105}\) *Id.* at 1359-60.

\(^{106}\) *Id.*

\(^{107}\) *Id.* at 1357.

\(^{108}\) *Id.*


\(^{110}\) *Id.* at *8.*
but in response, ADS filed a declaratory judgment action seeking to declare Kent’s patent invalid. The court addressed the issues of invalidity and willful infringement in its opinion.\textsuperscript{111}

First, the court held that Kent’s patent was not invalid for indefiniteness, even though ADS raised challenges to several claim terms. The court addressed each term in turn and rejected each of ADS’ arguments.\textsuperscript{112} For several of the challenged terms, the court explained that ADS failed to show by clear and convincing evidence that the claims were sufficiently indefinite, explaining, “claims may be sufficiently definite even when some degree of testing or experimentation is required to define the boundaries of the claimed invention.”\textsuperscript{113}

Secondly, the court held that ADS willfully infringed Kent’s patent and awarded treble damages to Kent.\textsuperscript{114} The court rejected ADS’ argument that it had a good faith belief that the patents were invalid where ADS’ use of improper litigation tactics outweighed override its reliance on an invalidity opinion.\textsuperscript{115} The court explained, “the actions of ADS and its former counsel in covering up knowledge of potentially relevant evidence were sufficiently egregious to warrant the imposition of treble damages.”\textsuperscript{116}

Finally, a defendant’s failure to produce an opinion of counsel based on privilege does not necessarily preclude a non-willfulness finding. The \textit{Wesley Jessen} case is instructive.\textsuperscript{117} Wesley Jessen owned a patent related to a monomer for making contact lenses and contact lens materials. Wesley Jessen sued its competitor Bausch & Lomb for infringement of its patent.\textsuperscript{118} Although the court rejected Bausch & Lomb’s claims that the patent was invalid as non-enabled\textsuperscript{119} or for failure to disclose best mode,\textsuperscript{120} and likewise held that Bausch & Lomb

\textsuperscript{111} \textit{Id.} at *7.
\textsuperscript{112} \textit{Id.} at *14-19.
\textsuperscript{113} \textit{Id.} at *16-17.
\textsuperscript{114} \textit{Id.} at *31.
\textsuperscript{115} \textit{Id.}
\textsuperscript{116} \textit{Id.}
\textsuperscript{118} \textit{Id.} at 357.
\textsuperscript{119} The court rejected Bausch & Lomb’s argument that the patent was invalid for lack of enablement. Bausch & Lomb argued that the patent does not enable a person skilled in the art to make a contact lens that was comfortable and allowed good visual acuity. \textit{Id.} at 397. However, because the patent discloses a material, which after an oxygen plasma treatment, works as a contact lens, the court rejected Bausch & Lomb’s argument where relevant inquiry is whether the specification adequately discloses how to make the invention to one skilled in the art rather than whether the invention discloses a perfect invention. \textit{Id.} at 398. The court explained that the “patent
infringed the patent, the court declined to hold that the infringement was willful. Bausch & Lomb had obtained an opinion of counsel, but withheld the opinion on the grounds of attorney-client privilege.121 Although failure to produce an opinion of counsel indicates a negative inference, it is only one factor weighing in the determination of willfulness. Here, the court declined to find willfulness after considering the totality of the circumstances. Bausch & Lomb sought an opinion of counsel after it became aware of Wesley Jessen’s patent, and in reliance on the opinion spent $60 million to develop its accused product.122 The court explained that Bausch & Lomb evaluated its project and reasonably believed it had designed its product around Wesley Jessen’s. The court further explained, “While in the end, this belief was incorrect, that belief was reasonable enough to merit a conclusion that its infringement was not willful.”123

V. STATISTICAL EVIDENCE ON WHICH DEFENSES ARE THE MOST EFFECTIVE.

Because all defenses are not created equal, the client seeking an opinion should consider some empirical data analyzing the success rate of certain defenses.

A. The Best And Least Successful Defenses.

In ascertaining which defenses the purported infringer should focus on, it is prudent to analyze which defenses have historically been the most successful. As shown in the table below, based on recent 2000-2002 data obtained from www.patstats.org, the infringer has the best chance of prevailing on a defense of non-infringement.

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120 The court rejected Bausch & Lomb’s argument that the patent was invalid for failure to disclose the best mode. Bausch & Lomb argued that an oxygen plasma treatment was the inventor’s best mode for practicing the invention because it was the only lens that was wearable during testing of the invention. Id. at 393. However, the court rejected this argument because “the mere fact that it was the only technique applied in preliminary testing that allowed for good visual acuity and comfortable wearing in the eye does not compel the conclusion that oxygen plasma treatment was [the inventor’s] best mode.” The court acknowledged that the inventor also thought that the oxygen plasma treatment was an inferior solution to the problem he was attempting to solve. Id. at 396.

121 Id. at 390.

122 Id.

123 Id. at 391.
Best Defenses For An Accused Infringer To Raise

Aside from having a better chance at prevailing on the basic non-infringement defense generally, pursuing a doctrine of equivalents non-infringement defense, as well as defending against a claim of contributory or inducing infringement also tends to yield better results. As illustrated in recent published decisions, the infringer asserting a non-infringement defense prevailed more than 50% of the time, and in the case of a doctrine of equivalents non-infringement argument was successful about 85% of the time. As the foregoing table also illustrates, defendants tend to be more successful with Section 112 enablement and written description defenses and Section 102 non-prior art defenses (such as public use bar and on-sale bar) with success rates approaching 50% of the time.

Conversely, recent empirical data also reveals that there are less successful invalidity defenses. An analysis of data compiled from the same patent cases (decided from 2000 through the second quarter of 2002) reveals that an accused infringer is less likely to prevail on indefiniteness, best mode, or anticipation defenses.

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124 This chart is derived from data from the University of Houston’s Institute for Intellectual Property & Information Law (IPIL) website, www.patstats.org, and is used here with permission of Jeffery Johnson, Editor in Chief of Patstats (cited to as the “Patstats “Study”). The data represents the results of all federal patent cases decided from 2000 through the second quarter of 2002.
An earlier statistical study analyzing published cases from 1986-1996 conducted by John Allison and Mark Lemley had comparable results in terms of the relative reported success of certain defenses. As illustrated by the table below, an indefiniteness defense is a weaker defense, whereas a non-prior art invalidity defense tends to be more successful for the alleged infringer.

**Invalidity Rates By Defense (Data from 1989-1996)**

B. **Other Factors Bearing On The Success Of Invalidity Defenses.**

Beyond the facts and parties involved, empirical data sheds some light on how other factors, such as the identity of the fact finder, the location of the lawsuit, and the subject matter of the technology, affect the likelihood of prevailing on a particular invalidity defense.

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125 This chart is derived from data from the Patstats Study.

1. **The Impact Of The Fact Finder On The Success Of The Invalidity Defense.**

Based on available data, an accused infringer is the least likely to prevail in a case tried before a jury. The general school of thought is that juries are swayed by the patent grant given by the USPTO and may feel discomfort substituting their judgment for the Patent Office’s on a validity issue. On the other hand, a case disposed of on a pre-trial motion is more likely to be decided in favor of the accused infringer. Also, in patent cases tried as a bench trial, there is an approximately equal likelihood of the accused infringer or the patent owner prevailing. The theory here is that a court is not as biased by the USPTO’s prior grant of the patent in analyzing the validity or infringement issues.

![Patent Validity Decisions By Type Of Fact Finder](image)

2. **The Impact Of The Venue On The Success Of The Invalidity Defenses.**

Certain jurisdictions appear more likely to return a verdict that a patent is not invalid compared to others. The graph below depicts the percentage of patents held valid and the percentage of patents declared invalid in the ten federal jurisdictions where patent cases are most litigated.

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127 This chart is derived from data from the Allison & Lemley Study.
3. **The Impact of The Subject Matter of The Technology On The Success of An Invalidity Defense.**

In the Allison and Lemley Study, they remark that comparing the number of patents issued to the types of patents where validity is challenged is interesting. General (or mechanical) patents are significantly less than half of the total number of patents issued, yet based on the data below, it appears that litigation most commonly involves mechanical inventions.

### Patent Validity Cases by Subject Matter Of The Patent

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<th>Subject Matter</th>
<th>% of Decisions</th>
<th>% of Decisions Held Valid</th>
<th>% of Decisions Held Invalid</th>
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128 This chart is derived from data taken from a study by Kimberly Moore. Moore, Kimberly A., *Forum Shopping in Patent Cases: Does Geographic Choice Affect Innovation?*, Journal of the Patent and Trademark Office Society, vol. 83, p. 558-601. This data comes from patent cases heard in these district courts from 1995-1999. This data is represented with permission.

129 This chart is derived from data from the Allison & Lemley Study.
Another observation from the Allison and Lemley Study is that the subject matter of the technology does not appear to play a role in the likelihood of an accused infringer prevailing on the issue of invalidity. While the data suggests that for patents directed to software and pharmaceuticals more patents are upheld as valid, because the number of reported cases involving these types of patents was relatively small, the distinction may just be an artifact based on the small sample size.

Finally, there are inherent limitations in statistical data since most patent cases settle before any dispositive proceeding, motion, or trial. Also, the statistics do not take into account other factors (i.e., skill of attorneys, relative resources of parties, complexity of technology, etc.) that may affect the outcome.

VI. CONCLUSION

In a perfect world, an accused infringer should not have to rely solely on an opinion of counsel to avoid a willfulness finding and/or enhanced damages or attorneys’ fees. However, where such an opinion is a company’s last bastion of defense, due care and consideration should be taken on the drafter, format, substance, the content of the invalidity defenses asserted, and the timing of when such an opinion is sought.