

Everyone Has a (Patent) Opinion

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Klarquist

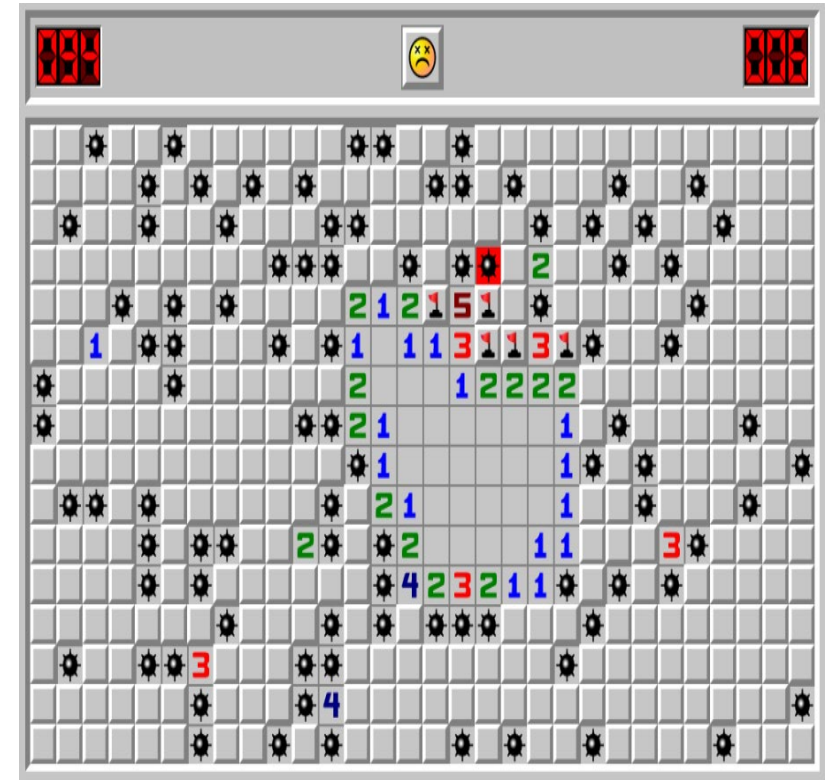
Overview

What it is: Beginners guide to conducting searching and advising clients on Patentability, Landscape, Non-infringement, and Invalidity.

What it is *not*: Nuts and bolts on preparing patent opinions and not a deep dive of willful infringement case law.

Opinion Categories

- Patentability
- Landscape
- Non-infringement
 - ❖ Freedom to Operate
 - ❖ Clearance
- Invalidity



Initial Advice

- Ask questions
- Be careful
- Seek help from others
- Be methodical
- Include limitations and disclaimers



Patentability

What is it?

- A determination of the likelihood of obtaining a patent for a particular invention

What is it best for?

- Determining whether cost of preparing and filing patent application is justified
- Guiding future R&D and application strategy
- Reducing costs by spending less time in prosecution

Who is it best for?

- Structural invention(s); well defined terms of art

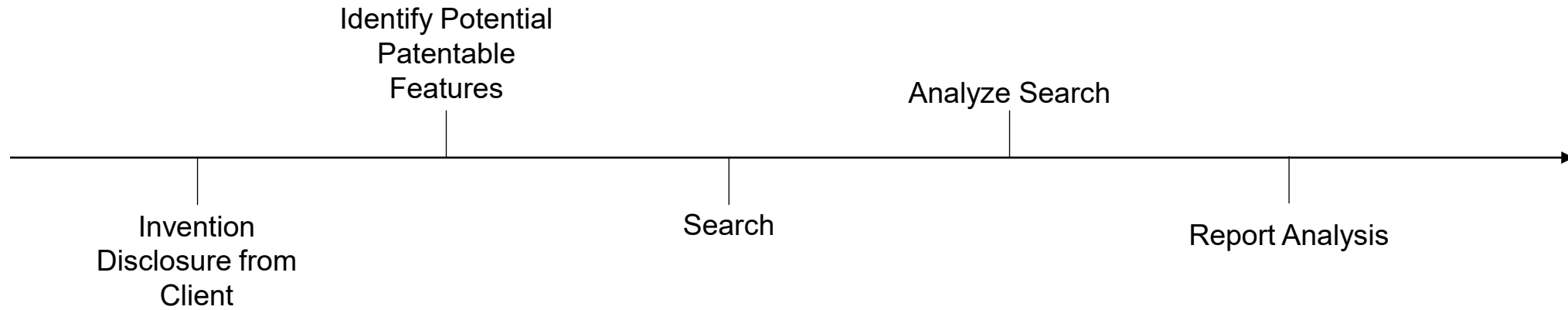
What is not good for?

- Ambiguous terms of art

Limitations

- Always uncertainty due to 18-month publication lag or non-publication request
- Budget and/or time constraints

Patentability Process Overview



Invention Disclosure Meeting

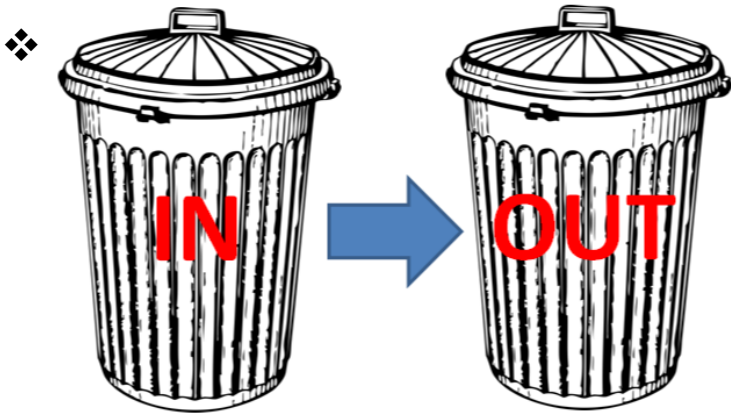
- Run a conflict check prior to invention disclosure meeting
- Gather background information (including references) about the invention
 - ❖ What is the problem in the art?
 - ❖ How does your technology solve this problem?
 - ❖ Depose the inventors—who/what/when/where/why/how?
- Identify potential embodiments
- Understand terminology
 - ❖ Client specific
 - ❖ Industry specific
- Identify known/potential competitors
- If possible, draft one independent pseudo-claim before leaving meeting

Identifying Potential Patentable Features

- Identify the key features of the invention
 - ❖ What makes the invention unique?
 - ❖ What do all embodiments have in common?
- Distinguish from known prior art (if any)
- Further develop a claim set with the potential patentable features

Search

- In-house v. Outside Search
 - ❖ In-house typically best for a quick “knock-out” type search
 - ❖ Outside Searchers typically charge ~\$900
 - ❖ Provide searcher detailed list of features to search; provide sample claim
- For In-house Search
 - ❖ Keep track of search queries and databases used
- For Outside Search
 - ❖ Detailed, well-explained search instructions (can be leveraged later)



Search Analysis

- Review Search Report
 - ❖ Check search terms, relevant dates, etc.
- Review References
 - ❖ § 102?
 - ❖ Easy § 103 rejection?
 - ❖ Complex § 103 rejection?
- Market Information
 - ❖ Identify key players
 - ❖ Size of patent portfolio

Reporting Analysis Options

- **Options**

- ❖ Full written opinion (\$2k-\$4k) – can leverage search instructions
 - Executive Summary: quick indication of likelihood of obtaining meaningful patent protection
 - Overview of the search: what was included, what was not
 - Details on a few key references
 - Analysis: comparison of invention v. closest references
 - Conclusion
- ❖ Provide Results (e.g., list of prior art reference followed by phone call—~\$1.5k)

Landscape

What is it?

- Analysis of the state of art at a particular time and jurisdiction

What/who is it best for?

- Immature product
- R&D planning
- Identifying competitors/licensing
- Established company entering new technology area
- Startup*

What it is not good for?

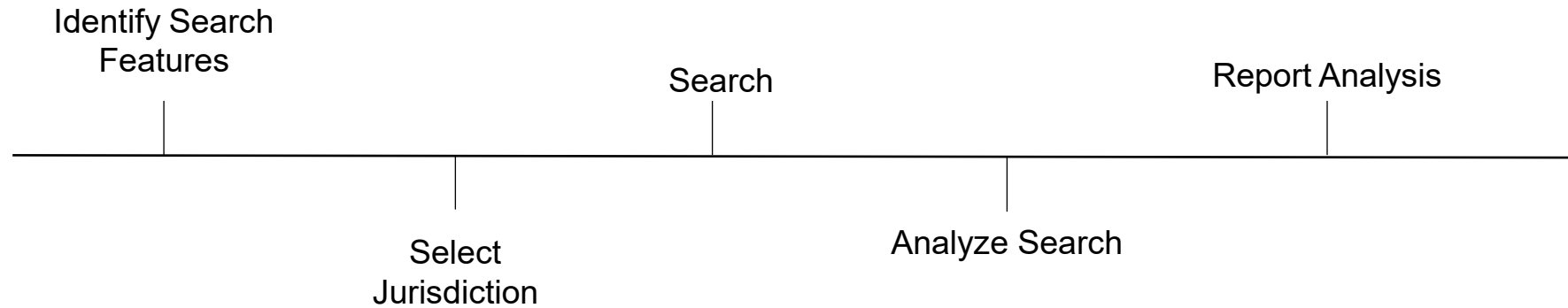
- Startup*
- Mature product or design lock

Limitations

- Sometimes the terms and scope are less certain
- Less certainty due to 18-month publication lag or non-publication

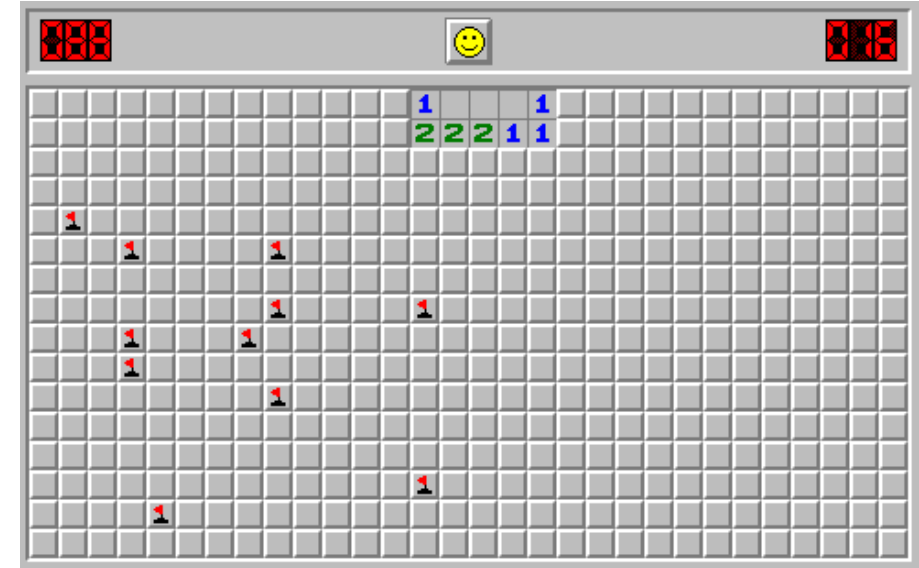


Landscape Process Overview



Landscape Reporting

- Overview of search
- Consider providing full list or curated list of references
- Timeline
 - ❖ Identify any clusters or interesting trends
- List key players
 - ❖ Competitors
 - ❖ Potential licensees/licensors
- Identify gaps in prior art
 - ❖ Guide R&D and patent filing strategy
 - ❖ Forecast risk of commercializing product

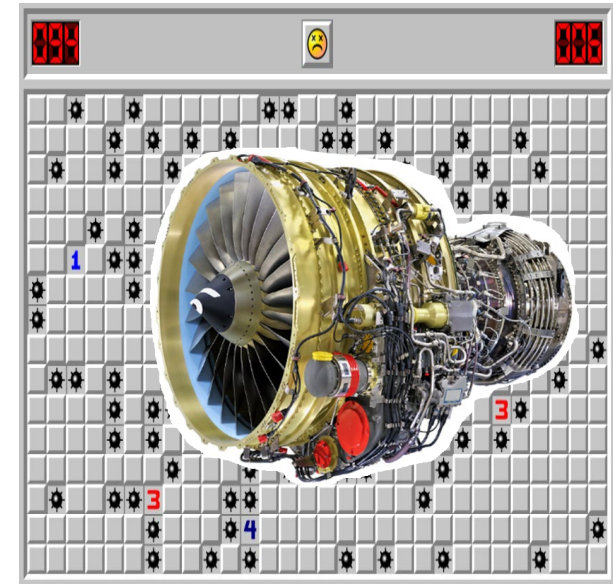


Non-Infringement

- Types of Non-Infringement Analysis
 - ❖ Freedom to Operate (FTO)
 - ❖ Clearance
- Non-Infringement Analysis Process
- Advising Clients of Possible Infringement

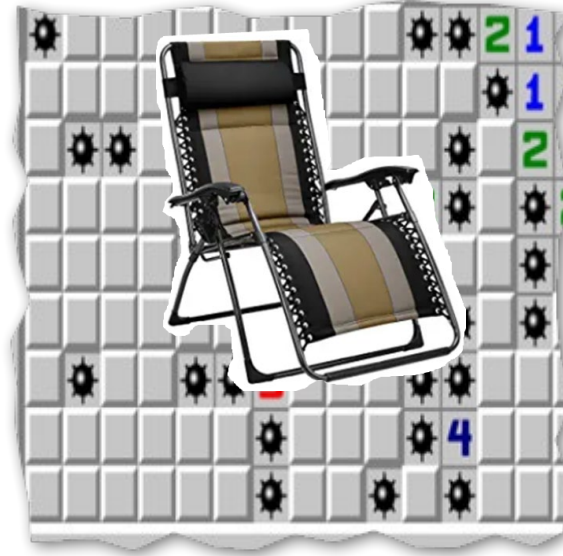
Freedom to Operate

- *Broad* risk assessment for making, using, and/or selling a product
- Best to perform FTO prior to beginning any commercial activity
- Factors to consider:
 - ❖ Importance of product
 - ❖ Life-span of product
 - ❖ Overhead
 - ❖ Difficulty to change design
 - ❖ Revenue
 - ❖ Technology area
 - ❖ Competitor activity (# patent filings, litigiousness, licensing history)

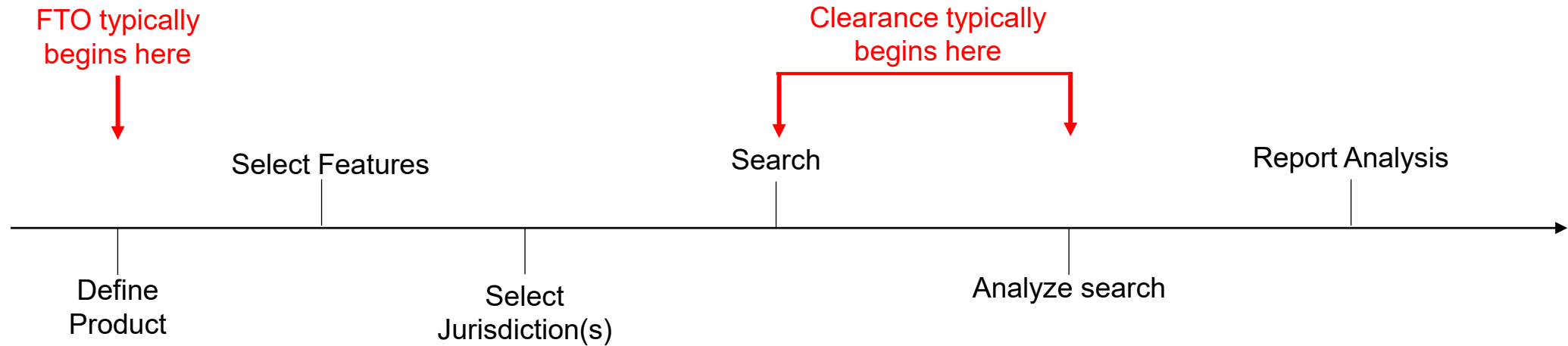


Clearance

- *Focused* risk assessment for making, using, and/or selling a product with respect to a limited number of patents or patent owners/competitors
- Additional Factors to consider:
 - ❖ Similarity between client's new product v. old product and/or competitor's product
 - ❖ Knowledge of industry
 - ❖ Budget



Process Overview



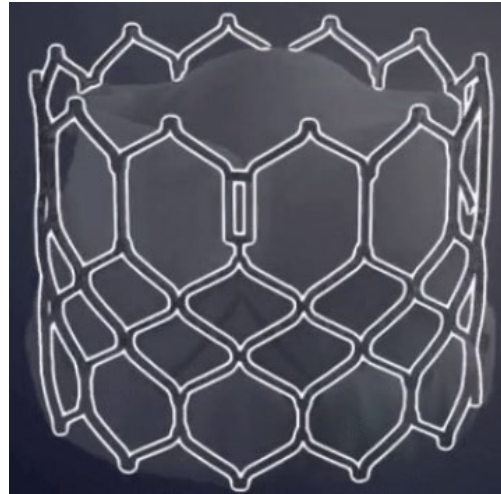
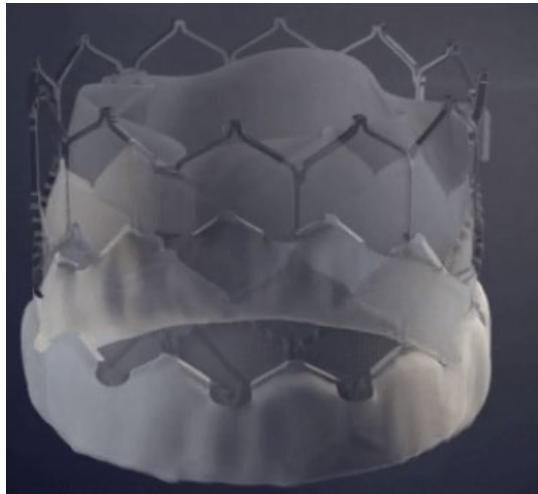
Define Product

- What is the commercial product?
- Stage of development?
- Thoroughly understand technology



Select Features

- Often impractical to search every component
- Similarity to previous version
- Marketable features
- Accessories/Methods



Search

- Scope
 - ❖ Claims v. Full Application
 - ❖ Alive v. Expired
- Jurisdiction
 - ❖ Key markets
 - ❖ Manufacturing location (if different than market)
- Relevant disclosure dates
- Cost of outside search ~\$2,500-\$5,000
- Snapshot in time

Analyze Search

- Risk of lawsuit is the focus
- Master tracking document is essential



Analysis Guidelines

- **Low risk** – straightforward non-infringement position
 - ❖ No significant claim construction issues
 - ❖ Patent owner unlikely to sue
 - ❖ Slam dunk invalidity (e.g., anticipation)
- **Medium risk** – reasonable non-infringement position
 - ❖ Some claim construction issues (possible broad interpretation covers accused product)
 - ❖ Doctrine of equivalents
 - ❖ Client has patents that cover accuser's products
- **High risk** – weak non-infringement position
 - ❖ Patent owner is direct competitor, litigious, cease & desist letter
 - ❖ Potential of high damages
 - ❖ Best defense is invalidity (e.g., obviousness)

Report Analysis

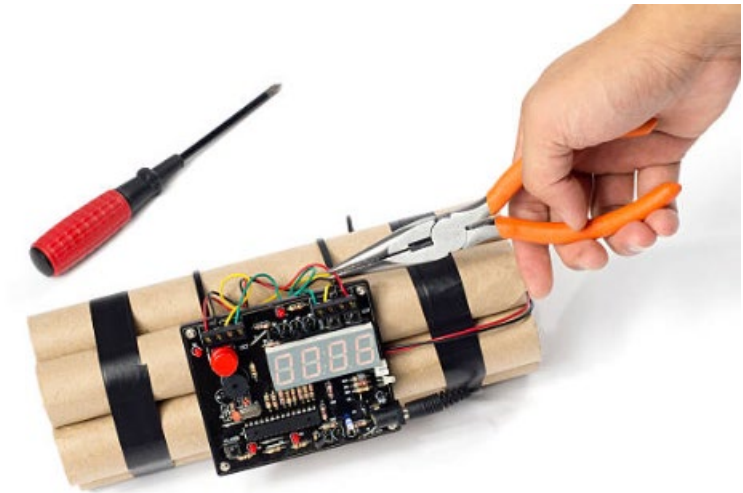
- Never advise in writing that client infringes patent or that any claim element is met, even if patent invalid
- Identify potentially problematic patents for client's review
- Reporting mechanism: email, PowerPoint, claim chart
- Limitations of attorney-client privilege and work-product protection

Advising Clients of Possible Infringement

- If **high risk**:
 - ❖ Design around
 - ❖ Obtain license
 - ❖ Abandon project
 - ❖ Invalidation action
- Docket relevant post-grant proceeding deadlines
 - ❖ PGR: deadline 9M after issuance (AIA patents only)
 - ❖ IPR: after 9M PGR window (AIA patents only), but w/in 1Y of infringement suit
- Check for foreign equivalents if client commercializes outside U.S.
 - ❖ Be mindful of relevant foreign deadlines (e.g., 9M opposition window)
- Discuss filing a declaratory judgment action, especially if there is a cease-and-desist letter
- Advise client that a formal opinion of counsel may be warranted

Invalidity

- **What is it?**
 - ❖ An analysis of the validity of a patent
- **What is it best for?**
 - ❖ Alternative or supplement to non-infringement
- **Who is it best for?**
 - ❖ Client's w/ mature or design locked product
 - ❖ Accused infringers
- **What is not good for?**
 - ❖ Large number of patents/claims
- **Limitations:**
 - ❖ IPRs – limited grounds (102/103) and printed publications

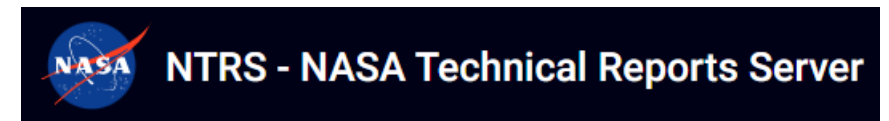


Pre-Search

- Docket relevant post-grant proceeding deadlines
 - ❖ PGR: deadline 9M after issuance (AIA patents only)
 - ❖ IPR: after 9M PGR window (AIA patents only), but w/in 1Y of infringement suit
 - ❖ Be mindful of relevant foreign deadlines (e.g., 9M opposition window)

Pre-Search

- Formulate initial ideas
 - ❖ § 101
 - ❖ §§ 102/103 w/ known prior art, including patent owner's own art
 - ❖ § 112/claim construction issues
 - ❖ Priority date issues
 - ❖ New matter
- Review File History
 - ❖ Thorough examination at USPTO?
 - ❖ How close was the prior art?
 - ❖ Reasons for allowance
- Review Family
 - ❖ Pending applications
- Consult expert for prior art or unique repositories



Search

- In-house v. Outside Search

- ❖ In-house typically best for an initial check or supplementing outside search
- ❖ Outside Searchers typically charge ~\$2,000-\$7,000 (varies with claim count)

- Search Instructions

- ❖ Claims to include
- ❖ Priority date (claim by claim)
- ❖ Known prior art and/or repositories

Analyze Search

- Check search
- Perform an initial review
- Consider effective filing/publication dates
- Formulate arguments/grounds
- Prepare claim chart

Reporting/Advising Clients on Possible Invalidity

- Never advise in writing that a patent is valid, even if there is a solid non-infringement defense
- Informal analysis: discussing a claim chart with possible grounds
- “Formal” opinion of counsel: the more thorough the better—opposing counsel will try to make you look incompetent
- Provide recommendation
 - ❖ PGR
 - ❖ IPR
 - ❖ Wait and see
 - ❖ Identify any client patents that cover accuser’s products or methods

Willfulness

- Court may award treble damages. 35 U.S.C. § 284.
- If conduct is “willful, wanton, malicious, bad-faith, deliberate, consciously wrongful, flagrant, or—indeed—characteristic of a pirate.” *Halo* (S. Ct. 2016).
- Competent legal opinion of non-infringement or invalidity typically obtained for purpose of proving client acted with due care and should not be liable for willful infringement.
 - ❖ Timing is important.
- Asserting advice-of-counsel defense can waive attorney-client privilege and work-product immunity with opinion counsel. *See EchoStar* (Fed. Cir. 2006).
 - ❖ *However*, does not normally extend to trial counsel’s communications. *See Seagate* (Fed. Cir. 2007) (*en banc*).



Additional Resources



<https://klarquist.com/patent-defenses/>

@PatentDefenses

Klarquist Search Firm Database

Klarquist Template Library



Additional Tips from JDV

1. Run analysis by a litigator, and litigator should review w/o billing.
2. Not only don't admit infringement, don't admit any claim element is met.
3. If one purpose of clearance opinion is for use in litigation, then we need to make sure business decision maker reads it and understands it. Insist on call/meeting with that decision maker. Docket 15 days after opinion delivered to have that meeting scheduled.
4. Revise opinion after meeting with client based on new information learned in meeting.
5. Use large margins so if is used at trial, can be read easily on juror display monitors.
6. Limit clearance opinion to single issue. No literal infringement. No DOE. Anticipation. 103. 112. Gives client flexibility later on what to produce and waive.
7. Invalidity opinion does not shield client from "intent" for 271b or 271c indirect infringement.
8. Where appropriate, explain product configuration trade dress risk to client.
9. Before sending any (especially competitor) patent number or patent to client, make sure they understand that will start "knowledge of patent" clock for 271b and 271c.
10. We should not take a litigation where we gave clearance opinion unless client informed in writing that our doing so effectively rules out using our clearance opinion as evidence in litigation.



Thank You

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