PRESIDENT

Stephen H. Atkinson
Director
Office of Technology Licensing & Industry-Sponsored Research
Harvard Medical School
221 Longwood Avenue
Boston, MA 02115

PAST PRESIDENT

Spencer L. Blaylock
Associate Director
Iowa State University
Research Foundation
315 Beardshear Hall
Ames, IA 50011

V.P. - EASTERN REGION

William A. Ragan
Director
Science & Technology Development Office
College of Physicians & Surgeons
Columbia University
630 West 168th Street
New York, NY 10032

V.P. - CENTRAL REGION

John O. Mingle
Executive Vice President
Kansas State University
Research Foundation
Fairchild Hall
Manhattan, KS 66506

V.P. - WESTERN REGION

Radford G. King
Director
Office of Patent & Copyright Administration
University of Southern California
3716 South Hope Street, Suite 200
Los Angeles, CA 90007

SECRETARY

Lamar Washington
Senior Licensing Executive
Technology Transfer Office
The Research Foundation of
State University of New York
P.O. Box 9
Albany, NY 12210

TREASURER

Kathleen Byington
Vice President
Colorado State University Research Foundation
P.O. Box 483
Fort Collins, CO 80522

TRUSTEES

Henry E. Bredeck
Assistant Vice President for Research
Michigan State University
238 Administration Building
East Lansing, MI 48824-1046

Howard W. Bremer
Patent Counsel
Wisconsin Alumni Research Foundation
614 North Walnut Street
Madison, WI 53705

H. Walter Haeussler
Director
Patents & Licensing
Cornell University
East Hill Plaza
Ithaca, NY 14850

Martin Rachmeler
Research Service Administration
Northwestern University
633 Clark Street
Evanston, IL 60201

PRESIDENT

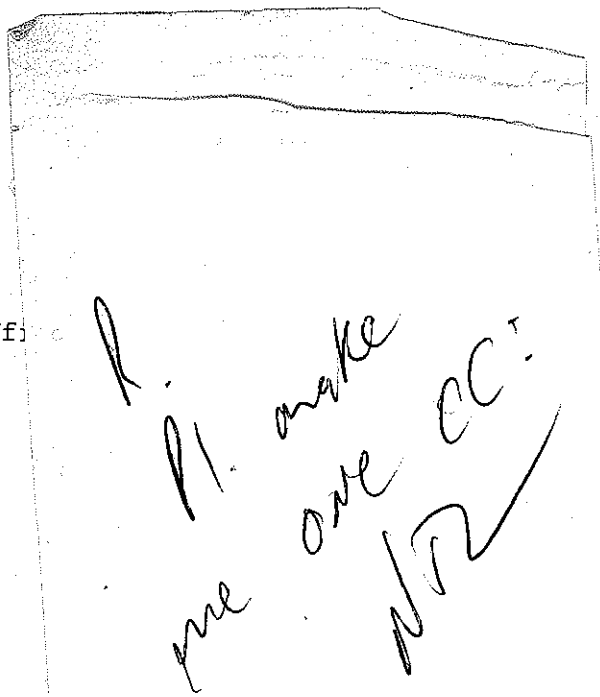
Stephen H. Atkinson
Director
Office of Technology Licensing & Industry-Sponsored Research
Harvard Medical School
221 Longwood Avenue
Boston, MA 02115

PAST PRESIDENT

Spencer L. Blaylock
Associate Director
Iowa State University
Research Foundation
315 Beardshear Hall
Ames, IA 50011

V.P. - EASTERN REGION

William A. Ragan
Director
Science & Technology Development Offi
College of Physicians & Surgeons
Columbia University
630 West 168th Street
New York, NY 10032



V.P. - CENTRAL REGION

John O. Mingle
Executive Vice President
Kansas State University
Research Foundation
Fairchild Hall
Manhattan, KS 66506

V.P. - WESTERN REGION

Radford G. King
Director
Office of Patent & Copyright Administration
University of Southern California
3716 South Hope Street, Suite 200
Los Angeles, CA 90007

SECRETARY

Lamar Washington
Senior Licensing Executive
Technology Transfer Office
The Research Foundation of
State University of New York
P.O. Box 9
Albany, NY 12210

TREASURER

Kathleen Byington
Vice President
Colorado State University Research Foundation
P.O. Box 483
Fort Collins, CO 80522

TRUSTEES

Henry E. Bredeck
Assistant Vice President for Research
Michigan State University
238 Administration Building
East Lansing, MI 48824-1046

Howard W. Bremer
Patent Counsel
Wisconsin Alumni Research Foundation
614 North Walnut Street
Madison, WI 53705

H. Walter Haeussler
Director
Patents & Licensing
Cornell University
East Hill Plaza
Ithaca, NY 14850

Martin Rachmeler
Research Service Administration
Northwestern University
633 Clark Street
Evanston, IL 60201

PERSONS TO BE CONTACTED

Georgia Tech:

Dr. Thomas F. Stelson
Vice President, Research
Georgia Institute of Technology
0370 Centennial Research Building
Atlanta, Georgia 30332
(404) 894-4825

Mr. Julian W. Dees
Director, Contract Administration
Georgia Institute of Technology
OCA 0420
Centennial Research Building
Atlanta, Georgia 30332
(404) 894-4810

Dr. Milton P. Stombler, Director
Technology Transfer
Georgia Institute of Technology
Office of Contract Administration
Centennial Research Building
Atlanta, Georgia 30332-0420
(404) 894-6287

Dr. Robert W. Kyle
Technology Liaison Officer
Georgia Institute of Technology
Office of Contract Administration
Centennial Research Building
Atlanta, Georgia 30332-0420
(404) 894-6287

University of Maryland, College Park:

Dr. Jacob K. Goldhaber
Acting Dean - Graduate Studies & Research
Room 2133 South Administration Building
University of Maryland
College Park, Maryland 20742
(301) 454-4408

Dr. Nancy Bockstael
Associate Dean for Research
Room 2133 South Administration Building
University of Maryland
College Park, Maryland 20742

Mr. Wayne E. Swann
Technology Liaison Officer
University of Maryland
Room 2114 South Administration Building
College Park, Maryland 20742

SUPA, Regional Directors + Trustees

H. Walter Haeussler
Director, Patents and Licensing
Cornell University
East Hill Plaza
Ithaca, NY 14850

Stephen H. Atkinson
Executive Secretary
Committee on Patents and Copyrights
Harvard University
Holyoke Center 970
1350 Massachusetts Avenue
Cambridge, MA 02138

President of SUPA

Spencer L. Blaylock
Associate Director
Iowa State University Research
Foundation, Inc.
315 Beardshear Hall
Ames, IA 50011

Dr. William A. Ragan
Director, Science and Technology
Development Office
College of Physicians and Surgeons
630 West 168th Street, Columbia University
New York, NY 10032

Dr. John O. Mingle
Executive Vice President
Kansas State University Research
Foundation
Fairchild Hall
Kansas State University
Manhattan, KS 66506

Radford G. King
Director, Office of Patent and
Copyright Administration
University of Southern California
3716 South Hope Street, Suite 200
Los Angeles, CA 90007

Roger G. Ditzel
Director, Patent, Trademark and
Copyright Office
University of California
2490 Channing Way, Third Floor
Berkeley, CA 94720

Howard W. Bremer
Patent Counsel
Wisconsin Alumni Research Foundation
614 North Walnut Street
Madison, WI 53705

Dr. Henry E. Bredeck
Assistant Vice President
Research and Graduate Students
Michigan State University
238 Administration Building
E. Lansing, MI 48824

Lamar Washington
Director, Technology Transfer Office
Research Foundation of SUNY
P. O. Box 9
Albany, NY 12201

Kathleen Byington
Vice President
Colorado State University Research
Foundation (CSURF)
P. O. Box 483
Fort Collins, CO 80522

Martin Rachmeler
Director, Research Services Administration
Northwestern University
633 Clark Street
Evanston, IL 60201

AGENCY REPRESENTATIVES FOR THE FCCSET COMMITTEE ON INTELLECTUAL PROPERTY

Mr. Hugh F. Loweth
Deputy Associate Director for
Energy and Science
Office of Management and Budget
New Executive Office Bldg., Rm 8001
Washington, D. C. 20503

Honorable Mary Ann Gilleece
Deputy Under Secretary of Defense
(Acquisition Management)
U. S. Department of Defense
Pentagon, Room 3E144
Washington, D. C. 20301

Honorable Alvin Trivelpiece
Assistant Secretary for Research
U. S. Department of Energy
Room 7B-040
1000 Independence Avenue, S.W.
Washington, D. C. 20585

Mr. Robert Kempf
Assistant General Counsel
for Patent Matters
National Aeronatics & Space Admin.
Mail Code GP-4, Room 7035
Washington, D. C. 20546

Dr. Earl X. Freed
Deputy Assistant, Chief Medical
Director for R&D
Veterans Administration Central Off.
810 Vermont Avenue, N. W., Rm 644
Washington, D. C. 20420

Honorable Donald J. Senese
Assistant Secretary, Office of
Educational Research & Improvement
Brown Building, Room 722
400 Maryland Avenue, S. W.
Washington, D. C. 20202

Mr. Richard Shane, Acting Assistant
Administrator, Office of Innovation,
Research and Technology
Small Business Administration
1441 L Street, N. W., Room 500
Washington, D. C. 20416

Mr. Charles H. Herz
General Counsel
National Science Foundation
Room 501
Washington, D. C. 20550

Honorable Orville G. Bentley
Assistant Secretary of Agriculture
for Science and Education
U. S. Department of Agriculture
14th and Independence Ave., S. W.
Washington, D. C. 20250

Dr. Lowell Harmison, Science Advisor
Office of the A/S for Health
U.S. Department of Health & Human
Services
Parklawn Building, Room 1395
5600 Fishers Lane
Rockville, MD 20857

Mr. Joseph Canny
Director, Office of Transportation
Regulatory Affairs
U. S. Department of Transportation
Room 9222
Washington, D. C. 20590

Mr. Gerald K. Tomlin
Senior Research Program Coordinator
Nuclear Regulatory Commission
Willste Building
7915 Eastern Avenue
Silver Spring, MD 20555

Honorable William Schneider, Jr.
Under Secretary for Security
Assistance, Science & Technology
U. S. Department of State
Room 7208
Washington, D. C. 20520

Dr. Bernard Goldstein
Assistant Administrator for R&D
U. S. Environmental Protection Agency
West Tower, Room 913
401 M Street, S. W.
Washington, D. C. 20460

Honorable Wayne Marchant
Acting Deputy Assistant Secretary,
Water and Science
U. S. Department of the Interior
18th & C Streets, N. W.
Room 6649
Washington, D. C. 20240

Dr. Andrew Pettifor
Office of Science and
Technology Policy
NEOB, Room 5005
726 Jackson Place, N. W.
Washington, D. C. 20506 395-3902

Mr. Paul A. Pumpian, Patent Advisor
Office of Innovation Research
and Technology
Small Business Administration
1441 L Street, N. W., Room 500
Washington, D. C. 20416 653-6076

Mr. Richard Hopf
General Services Administration
18th and F Street, N. W.
Room 4010
Washington, D. C. 20406 566-1043

Mr. Howard Dugoff
Science and Technology Advisor
U. S. Department of Transportation
400 7th Street, N. W.
Room 8410
Washington, D. C. 20590 426-4461

Mr. Blake J. Ratliff
Director, Research Staff
Office of Construction (08H)
Veterans Administration
810 Vermont Avenue, N. W. Room 551
Washington, D. C. 20420 389-3398

Honorable Orville G. Bentley
Assistant Secretary for Science
and Education, Room 217W
U. S. Department of Agriculture
14th and Independence Ave., S. W.
Washington, D. C. 20250 447-5923

Mr. Donald Senich
Director, Division of Industry,
Science, & Technology Innovation
National Science Foundation
1800 G Street, N. W., Room 1250
Washington, D. C. 20550 357-9666

Mr. Donald Ehreeth
Deputy Assistant Administrator
Office of Research & Development
U. S. Environmental Protection Agency
401 M Street, S. W., RD672
Washington, D. C. 20460 382-7676

Mr. Thomas Zack
Patent Attorney
Office of the Solicitor
U. S. Department of the Interior
18th & C Streets, N. W.
Room 6525
Washington, D. C. 20240 343-4471

Mr. Michael Crisp
Special Assistant to the Director
U. S. Department of Energy
1000 Independence Avenue, S. W.
Room 7B-040
Washington, D. C. 20585 252-9770

Mr. William Maraist
Office of Federal Procurement Policy
New Executive Office Building,
Room 9025
726 Jackson Place, N. W.
Washington, D. C. 20503 395-3300

Dr. Lowell Harmison
Office of the A/S for HHS
Department of Health & Human Services
Parklawn Building, Room 1395
5600 Fishers Lane
Rockville, MD 20857 443-2650

Honorable John Mittino
Assistant Under Secretary, Research
& Engineering (Production Support)
U. S. Department of Defense
Pentagon, Room 3E144
Washington, D. C. 20301-3060 695-6322

Mr. Gurden Drake
Attorney Advisor, Office of the
General Counsel (Logistics)
U. S. Department of Defense
Pentagon, Room 3D937
Washington, D. C. 20301 697-6921

Mr. Edward Springer
Officer of Information, Regulation
Management, NEOB, Room 3236
Office of Management and Budget
17th and Pennsylvania Ave., N. W.
Washington, D. C. 20503 395-4814

Mr. Robert Kempf, Assistant General
Counsel, Patent Matters
National Aeronautics & Space Admin.
FOB 6, Room 7065
400 Maryland Avenue, S. W.
Washington, D. C. 20546 453-2424

Mr. Ben Bochenek
U. S. Environmental Protection
Agency
Room 513, East Tower
401 M Street, S. W.
Washington, D. C. 20460 382-5460

Mr. Howard Silverstein
Office of the General Counsel
U. S. Department of Agriculture
Room 2332, South Building
Washington, D. C. 20250 447-5474

Mr. James Dalgety
DMSSO
5203 Leesburg Pike
Suite 1403
Falls Church, VA 22041-3466 756-2554

INTERAGENCY WORKING GROUP ON FEDERAL LABORATORY INVENTIONS (Saul Elbaum's Group)

Dr. Itzhak Jacoby, Director of
Office of Medical Application Res. NIH
U. S. Department of Health and
Human Services, Bldg. 1, Rm 216
9000 Rockville Pike
Bethesda, MD 20014
496-1144

Dr. Cedric Long
General Manager/Project Officer
Frederick Cancer Research Facility
National Cancer Institute
Fort Detrick
Frederick, MD 21701
698-1108

Dr. Donald E. Ralston
Chief, Branch of Technology Transfer
U. S. Bureau of Mines
U. S. Department of the Interior
Columbia Plaza, Room 1044
2401 E Street, N. W.
Washington, D. C. 20241
634-1225

Dr. Howard Rosen
Forest Service
Forest Products & Harvesting Research
U. S. Department of Agriculture
P. O. Box 2417
Washington, D. C. 20013
235-1203

Dr. Andrew M. Cowan
Agricultural Research Service
Northern Regional Research Center
U. S. Department of Agriculture
1815 N. University Street
Peoria, IL 61604
(309) 685-4011

Mr. Michael L. Mastracci
Director, Regional Services Staff
U. S. Environmental Protection Agency
(RD-674)
401 M Street, S. W.
Washington, D. C. 20460
382-7667

Mr. Benjamin Bochenek
U. S. Environmental Protection Agency
Room 513, East Tower
401 M Street, S. W.
Washington, D. C. 20460
382=5460

Mr. Thomas Zack
Division of General Law
Office of the Solicitor
U. S. Department of the Interior
18th and C Street, N. W.
Washington, D. C. 20240
343-4471

Mr. Saul Elbaum
Harry Diamond Laboratories
2800 Powder Mill Road
Adelphi, MD 20783
394-3790

Mr. Frank Lukasik
Chief Patent Counsel
Office of the Staff Judge Advocate
Headquarters Air Force Systems Command
Andrews Air Force Base, D. C. 20334
981-5372

Colonel Norman C. Hintz
Director
U. S. Army Construction Engineering
Research Laboratory
P. O. Box 4005
Champaign, IL 61820-1306

Mr. Robert Dinnat
Associate Technical Director
U. S. Army Construction Engineering
Research Laboratory
P. O. Box 4005
Champaign, IL 61820-1306
FTS-8-958-7316

Ms. Beatrice Pacheco
General Counsel's Office
Veterans Administration
810 Vermont Avenue, N. W.
Washington, D. C. 20420
233-2421

Mr. Larry Ray
Division of Extramural Affairs
National Cancer Institute
National Institute of Health
Building 31, Room 10A10
Bethesda, MD 20892

Mr. Darrell Hollis
Office of Chief of Engineers
ATTN: DAEN-CCCT
U. S. Department of the Army
20 Massachusetts Avenue, N. W.
Room 8215
Washington, D. C. 20314

Cliff Lanham
Harry Diamond Laboratories
2800 Powder Mill Road
Adelphi, MD 20783
394-2296

Mr. Arthur R. Norris
Deputy Director
Food and Drug Administration
National Center for Toxicological Research
Jefferson, AR 72079
(501) 541-4000

Mr. Clifford Lanham
Harry Diamond Laboratories
2800 Powder Mill Road
Adelphi, MD 20783
394-2296

Mr. Donald Hagengruber
Uniformed Services University
4301 Jones Bridge Road
Bethesda, MD 20814-4799
295-3028

Mr. Fred Levitt
Office of Science and Technology Policy
New Executive Office Building
Room 5005
726 Jackson Place, N. W.
Washington, D. C. 20506
395-5052

Mr. Howard Silverstein
Office of the General Counsel
U. S. Department of Agriculture
South Building, Room 2332
12 and Independence Avenue, S. W.
Washington, D. C. 20250
447-5474

Mr. John Chester
General Counsel
National Science Foundation
Room 501
1800 G Street, N. W.
Washington, D. C. 20550
357-9447

Honorable Lowell Harmison
Deputy Assistant Secretary for Health
U. S. Department of Health and Human Services
Parklawn Building, Room 1395
5600 Fishers Lane
Rockville, MD 20857
443-2650

AUTM Foundation
Scholarship • Awareness • Education

October 24, 2008

Norman J. Latker, JD
Managing Attorney
Browdy & Neimark
624 9th St NW Ste 300
Washington DC 20001-5304

Dear Norman:

The AUTM Foundation was formed in 2007 by a unanimous vote for the AUTM Board of Trustees. The intent of this action was to broaden AUTM's ability to seek funds for its endeavors and priorities and expand AUTM's outreach. The Foundation, as a 501 (c) 3 charitable organization, is able to secure funding from Foundations and donors interested in tax-deductible donations that support AUTM programs.

The purpose of the Foundation is three-fold – Scholarship, Awareness and Education. With these three tenets in mind, the Foundation strives to support those starting or enhancing a career in technology transfer through the AUTM Scholarship program; to raise awareness of the profession by developing public information and awareness strategies and by facilitating well-known technology transfer professional presentations around the globe; and to facilitate new and expanded educational opportunities regarding technology transfer throughout the US and the world. The Foundation is raising funds for these efforts by securing grants, holding special events, and implementing an Annual Fund program.

We are extending the opportunity of becoming a Charter donor available through December 31, 2008. We were delighted to welcome 54 Charter donors in 2007 and early 2008. By selecting one of the levels outlined in the enclosed brochure, you will help the Foundation with its efforts to expand knowledge of and awareness about academic technology transfer. You will be an integral part of making this endeavor a success.

Charter Donors will be forever recognized as key supporters of the Foundation and as such, recognized as leaders in the industry. As you are considering your year-end donations please take a moment to consider the level of support you can provide. For those residing in the US, your donation is tax-deductible. Your support of the AUTM Foundation demonstrates your commitment to the profession in a way never before possible.

It is an honor for me to continue to serve our profession and this association in such an essential manner. Please join me in becoming a Charter Donor of the AUTM Foundation today.

Sincerely,

W. Mark Crowell
AUTM Foundation President

111 Deer Lake Road, Suite 100, Deerfield, IL 60015 USA
Phone: 847.559.0846 Fax: 847.480.9282
E-mail: info@autm.net Web site: www.autm.net

#0716

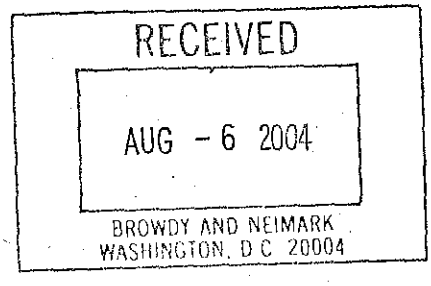
NATIONAL TECHNOLOGY TRANSFER CENTER
WHEELING JESUIT UNIVERSITY • 316 Washington Avenue • Wheeling, WV 26003-6295
(800) 678-6882 Fax: (304) 243-4389
http://www.nttc.edu email: technology@nttc.edu

DATE: 8/6/2004 **TIME:** 11:37 AM

Incoming Fax

To:	Norman Latker	Phone:	202-628-5197
Organization:	Browdy and Neimark	Fax:	202-737-3528
Total # of Pages:	5 (including this cover sheet)		
Original Mailed?	No		
From:	Joe Allen	Phone:	304-243-2130
E-mail:	jallen@nttc.edu	Fax:	

MESSAGE:



CHARLES M. VEST, PRESIDENT

ROOM 3-208
77 MASSACHUSETTS AVENUE
CAMBRIDGE, MASSACHUSETTS 02139-4307
617-253-6148

July 1, 2004

VIA FAX 202-224-2417

The Honorable Edward M. Kennedy
United States Senate
317 Senate Russell Office Building
Washington, DC 20510

Dear Senator Kennedy:

Two stalwarts of MIT whom you know well, Paul Gray, President Emeritus, and John Preston, former Director of the Institute's Technology Licensing Office, have written the enclosed letter to you to express their concerns about the future of the Bayh-Dole Act of 1980. I commend their highly informed views to you. Your leadership role in securing passage of that profoundly important Act is one of your most significant contributions to research and technology transfer. The university community remains deeply grateful to you for your leadership in this regard.

As Congress considers such important technology transfer issues, I hope you will call upon my MIT colleagues for their expertise. They would be pleased to assist you and your staff in formulating responses to any proposals that threaten to revise the Act in ways that compromise its remarkable contributions to the nation.

Sincerely yours,

Charles M. Vest

CMV/lbm
Enclosures

MASSACHUSETTS INSTITUTE OF TECHNOLOGY

July 1, 2004

The Honorable Edward M. Kennedy
United States Senate
317 Senate Russell Office Building
Washington, DC 20510

Dear Senator Kennedy:

We are writing to seek your assistance on a matter that significantly impacts the Massachusetts economy. As you well know, the key component to the health and welfare of the American people is a strong, vibrant economy. As you also recall, during the 1970s and 1980s, the ability of the United States to compete in the world economy was seriously in doubt. An important ingredient in our subsequent success was passage under your leadership as Chairman of the Senate Judiciary Committee of legislation in 1980. This law, commonly termed the Bayh-Dole Act, provided that universities and small companies could take ownership of Government-funded intellectual property and license that intellectual property to US industry. Under our leadership at MIT, we built a technology licensing program that sought to accomplish the goals of Bayh-Dole. Since the law was passed, MIT alone has generated approximately 300 new companies with combined employment in Massachusetts estimated to be well in excess of 20,000 new jobs. The national impact of Bayh-Dole has been staggering, and several entire industries including biotechnology and the Internet were created largely through this effective mechanism for technology transfer. Unfortunately, Bayh-Dole is now under attack.

In the late '70s, virtually no inventions made with government supported R&D were being commercialized. This meant that tens of billions of taxpayer dollars were making no impact on our ability to deliver new products to the world community. This economic disconnect obviously harmed our ability to create new companies and jobs.

Quite simply, the Bayh-Dole Act, which you co-sponsored and vigorously supported, allows universities and small companies to own inventions they make with federal support. The government has the right to use the inventions for their own purposes, resulting products should be made in the United States, royalties back to the universities are invested in more research and to reward our scientists, and penalties can be imposed if companies are not moving resulting inventions aggressively to the market.

MIT strongly supported the bill. Several Massachusetts small businesses testified that their inability to develop inventions they made under federal contracts made it

impossible for small high technology companies to work with the government. After the bill passed, the Small Business Innovation Research Act (SBIR) incorporated the principles of Bayh-Dole as a vital part of that law as well. As you know, the subsequent growth of small companies from our universities and the SBIR program are important parts of the economic blueprint of our state. This phenomenon is not limited to Massachusetts.

Recently the *Economist Technology Quarterly* summarized quite well what the Bayh-Dole Act has meant to the United States:

> "Remember the technological malaise that befell America in the late 1970s? Japan was busy snuffing out Pittsburgh's steel mills, driving Detroit off the road, and beginning its assault on Silicon Valley. Only a decade later things were very different ... Why the sudden reversal of fortunes? Across America, there had been a flowering of innovation unlike anything seen before. Possibly the most inspired piece of legislation to be enacted in America over the past half century was the Bayh-Dole act of 1980 ... More than anything, this single policy measure helped to reverse America's precipitous slide into industrial irrelevance ...
>
> Overnight, universities across America became hotbeds of innovation ... Since 1980, American universities have witnessed a tenfold increase in the patents they generate, spun off more than 2,000 firms to exploit research done in their labs, created 260,000 jobs in the process, and now contribute $40 billion annually to the American economy. Having seen the results, America's trading partners have been quick to follow suit. Odd then, that the Bayh-Dole act should now be under attack in America."

Unfortunately in the past year, there have been several interests who have strongly proposed that Universities should not retain the rights granted to it under Bayh-Dole. Some of these initiatives include companies that have testified before Congress suggesting that they should own all of a university's intellectual property developed with federal funds. NIH, DARPA, and the Advanced Technology Program (ATP) are among a few of the federal agencies or programs that have issued several basic research programs that restrict a university's ownership of the intellectual property it develops, thereby having serious national implications on educating the next generation of the world's best students and conducting cutting-edge research that would benefit the US in the same way it has for the past 24 years since the passage of the Bayh-Dole Act.

While these initiatives to limit the benefits of Bayh-Dole have caused MIT great concern, what is of utmost importance is the actions of some interests that recently petitioned the NIH and have testified at recent NIH hearings to use the Government's "march-in" rights in Bayh-Dole as an effort to control drug and product prices. These

interests have misrepresented the intent of the Bayh-Dole Act to say that the Government retains the right to re-take control (through "march-in rights") over intellectual property if the Government does not like the prices charged by the company that has licensed the intellectual property. This argument was stimulated by an effort to lower the price of an AIDS drug that is commercially available. While MIT and the country are concerned about the ever-rising drug and product prices and the public policy issue of drugs being made available to all that need them, artificial use of Bayh-Dole's "march-in rights" that were intended to be used when an intellectual property funded in whole or in part by the Federal Government was not commercialized at all, would destroy the value of Bayh-Dole and in the future severely limit the commercialization of any intellectual property funded by the Government. Companies that have licensed or would like to license intellectual property for development of products that would benefit all in the United States and worldwide will not be willing to take the huge risk of having their license rights and markets destroyed by the use of the Bayh-Dole "march-in rights" when a third party who has not participated in the research or taken the development and financial risks to develop the much-needed product determines on its own that the price of a drug is too high. Use of the Government's Bayh-Dole "march-in rights" to control product prices would have a major chilling effect on venture capital investments in Government-funded technology, because profit margins could be at the whim of Washington bureaucrats.

Senator Birch Bayh spoke at the National Institutes of Health on May 25 and said that such attempts would be a death knell to the commercialization successes of many of our small companies and to research universities like MIT (his testimony is enclosed). We agree with Senator Bayh's analysis.

We would appreciate the opportunity to discuss with you the importance of the legislation. It appears that the Senate Judiciary Committee might have forgotten the leadership it once provided under your guidance that helped turn our economy around. It might be time for the Committee to reassert its role before others undo your work.

Sincerely,

Paul E. Gray
President Emeritus
Professor of Electrical Engineering

John T. Preston
Founder and Former Director
of the Technology Licensing Office

Enclosure

CHAPTER 27

GOVERNMENT INTERESTS IN PATENTS

266. [REPEALED].

267. TIME FOR TAKING ACTION IN GOVERNMENT APPLICATIONS.

Notwithstanding the provisions of sections 133 and 151 of this title, the Commissioner may extend the time for taking any action to three years, when an application has become the property of the United States and the head of the appropriate department or agency of the Government has certified to the Commissioner that the invention disclosed therein is important to the armament or defense of the United States.

CHAPTER 28

INFRINGEMENT OF PATENTS

271. INFRINGEMENT OF PATENT.

(a) Except as otherwise provided in this title, whoever without authority makes, uses, offers to sell, or sells any patented invention, within the United States or imports into the United States any patented invention during the term of the patent therefor, infringes the patent.

(b) Whoever actively induces infringement of a patent shall be liable as an infringer.

(c) Whoever ~~sells~~ offers to sell, or sells within the United States or imports into the United States a component of a patented machine, manufacture, combination or composition, or a material or apparatus for use in practicing a patented process, constituting a material part of the invention knowing the same to be especially made or especially adapted for use in an infringement of such patent, and not a staple article or commodity of commerce suitable for substantial noninfringing use, shall be liable as a contributory infringer.

COPYRIGHT, 1995

DRAFT - NOT SENT

REGISTERED -
RETURN RECEIPT REQUESTED

RAD Computers Ltd.
P.O. Box 13161
Tel Aviv 61131
Israel

Re: Infringement of U.S. Patent 4,618,952

Gentlemen:

We represent Fibronics Ltd., the owner of the above identified U.S. patent, which relates to the communicationof unipolar pulses. A copy of this patent is attached hereto.

We have had an opportunity to analyse your "RAD Coax Multiplexer," which is sold under Catalog No. RCM or RCU or equivalent. Our analysis has convinced us that manufacture, use or sale of this device in the United States is an infringement of claims 10 and 11 of our client's above-identified patent. Furthermore, use of a pair of these devices with a pulse transmission cable therebetween, as they are intended to be used, which use takes place in the United States, is clearly an infringement of claims 1, 2, 3, 7, 8 and 9 of this patent. Furthermore, importation of such devices into the United States is a violation of Section 337 of the Tariff Act.

Accordingly, demand is hereby made, on behalf of our client, to:

(a) Immediately cease and desist all of your unauthorized and infringing importation into the United States and sales in the United States of the "RAD Coax Multiplexer" or any apparatus equivalent thereto;

(b) Immediately inform your distributors in the United States that any further sales of these products in the United States will be considered by our client to be actionable infringement; and

(c) Furnish us with true and detailed statements showing the number of infringing units which have been imported or sold in the United States on or after October 21, 1986, and the gross receipts with respect thereto.

In the event that we have not heard from you or your attorneys with an affirmative response to this letter within twenty one (21) days from the date of receipt thereof, we shall advise our client that all steps short of litigation have been taken.

This letter is written without prejudice to any and all legal rights and remedies our client has under the U.S. patent laws and otherwise, the same all being hereby expressly reserved on its behalf.

Sincerely,

RLB/ik

Encl.

DRAFT - NOT SENT

REGISTERED -
RETURN RECEIPT REQUESTED

RAD Computers Ltd.
P.O. Box 13161
Tel Aviv 61131
Israel

Re: Infringement of U.S. Patent 4,618,952

Gentlemen:

We represent Fibronics Ltd., the owner of the above identified U.S. patent, which relates to the communicationof unipolar pulses. A copy of this patent is attached hereto.

We have had an opportunity to analyse your "RAD Coax Multiplexer," which is sold under Catalog No. RCM or RCU or equivalent. Our analysis has convinced us that manufacture, use or sale of this device in the United States is an infringement of claims 10 and 11 of our client's above-identified patent. Furthermore, use of a pair of these devices with a pulse transmission cable therebetween, as they are intended to be used, which use takes place in the United States, is clearly an infringement of claims 1, 2, 3, 7, 8 and 9 of this patent. Furthermore, importation of such devices into the United States is a violation of Section 337 of the Tariff Act.

Accordingly, demand is hereby made, on behalf of our client, to:

(a) Immediately cease and desist all of your unauthorized and infringing importation into the United States and sales in the United States of the "RAD Coax Multiplexer" or any apparatus equivalent thereto;

(b) Immediately inform your distributors in the United States that any further sales of these products in the United States will be considered by our client to be actionable infringement; and

(c) Furnish us with true and detailed statements showing the number of infringing units which have been imported or sold in the United States on or after October 21, 1986, and the gross receipts with respect thereto.

In the event that we have not heard from you or your attorneys with an affirmative response to this letter within twenty one (21) days from the date of receipt thereof, we shall advise our client that all steps short of litigation have been taken.

This letter is written without prejudice to any and all legal rights and remedies our client has under the U.S. patent laws and otherwise, the same all being hereby expressly reserved on its behalf.

Sincerely,

RLB/ik

Encl.

PATENT OPINIONS, WILLFUL INFRINGEMENT AND MALPRACTICE

By John B. Pegram* and Wayne S. Breyer**

1. INTRODUCTION

Providing and using legal opinions are a regular part of the practice of most patent attorneys. There are four basic types of opinions in our practice. The first two are most common, involving either the freedom to use or protectability of an idea. Each year, we are called upon to advise auditors concerning various risks and potential risks faced by our client companies. We are also called upon to provide opinions to clients and third parties in connection with transactions, such as the sale or purchase of a property or a business, or in connection with the creation of a security interest.

This paper will focus on the first two types of patent opinions and, in particular, on opinions to a client regarding validity and infringement of another party's patent. Minimum standards for such opinions are developing, primarily as a result of judicial decisions on the issues of willful infringement, and, to a lesser extent, attorney malpractice, which are discussed herein.

2. PATENT AND TRADEMARK OPINIONS

The opinions rendered by patent attorneys in their daily practice typically are more complex and require a greater exercise of judgment than responses to auditor's inquiries and transactional opinions. Most often, that exercise of judgment includes a decision regarding how far to pursue an investigation, for example, concerning prior art or prior use.

2.1 Scope of the Opinion

Opinions in these fields divide into two categories: freedom to use and protectability. In the case of trademarks, perhaps, there is more overlap between these categories than for patents. The trademark client often simply asks his attorney whether he can use this or that mark. Often, the attorney's first step is to determine what opinion her client really wants. Does he want to know the attorney's bottom line belief as to whether the client would prevail in a litigation, whether someone might complain, or whether the mark would be a strong mark with respect to others? In the case of patents or potential patents, a distinction is more readily drawn between requests for a patentability study and a freedom to use study. In every case, however, the opinion should clearly indicate its scope.

---

* Partner, Davis Hoxie Faithfull & Hapgood, New York, NY. © John B. Pegram 1988-1993.

** Associate, Davis Hoxie Faithfull & Hapgood, New York, NY.

2.2 Limitations

Patent attorneys rarely do an "all out" study of freedom to use or protectability of an idea. Searching is usually done in the areas deemed most likely to be productive and sufficient to justify the client's planned investment. The client, however, may not understand the limited scope of the search and resulting opinion unless the attorney tells him. For example, if the attorney has searched an on-line data base of U.S. patents for certain key words, she should advise her client that the search was a limited, preliminary search and describe its scope.

In the case of a freedom to use opinion with respect to a specific patent, the attorney should also describe the scope of her study. In this case, it is important for her to be sure her study has been adequate to justify the client's reliance in defending against a charge of willful infringement. The Federal Circuit has indicated that a client's reliance on an opinion may not be justified if it is not based on a study of at least the patent, its file history and the cited prior art.[1] The client is unlikely to know that. It is the opining attorney's duty to know the current standard and conduct the necessary study.

2.3 Extent of a Search

While the specifics of the proper extent of a search or study necessary for an opinion are beyond the scope of this paper, it is worth noting the consequences of an insufficient search or study. In *Zazu Designs v. L'Oreal*,[2] the defendant wanted to use ZAZU as a trademark for a hair coloring product. The search revealed a federal registration of ZAZU for men's clothing. It also revealed an Illinois state registration of ZAZU for salon services and a telephone listing in a Chicago suburb for the registrant, Zazu Designs. Although one telephone call was made by defendant's investigator, the court considered the investigation inadequate. The defendant made no effort to speak with someone in authority or to verify whether the person who answered the phone was speaking from knowledge. No effort was made to determine whether Zazu branded products were used in the salon. No effort was made to determine plaintiff's expansion plans. No effort was made to determine plaintiff's reputation or its advertising efforts.[3] These facts were among the reasons why the court awarded plaintiff over two million dollars in compensatory and punitive damages. While the district court decision was reversed by the

---

[1] *See, e.g., Underwater Devices, Inc. v. Morrison-Knudsen Co.*, 717 F.2d 1380, 1390, 219 U.S.P.Q. 569, 577 (Fed. Cir. 1983).

[2] 9 U.S.P.Q.2d 1972 (N.D. Ill. 1988), *modified, Zazu Designs v. L'Oreal, S.A.*, 1991 U.S. Dist. LEXIS 9433 (N.D. Ill. 1991), *rev'd Zazu Designs v. L'Oreal, S.A.*, 979 F.2d 499, 24 U.S.P.Q.2d 1828 (7th Cir. 1992).

[3] *See also Sands, Taylor, Wood v. The Quaker Oats Co.*, 18 U.S.P.Q.2d 1457 (N.D. Ill. 1990)(Cursory investigations by low level employees cannot be relied upon as evidence of a good faith effort to discover a potential trademark infringement problem).

Seventh Circuit[4] which indicated in *dicta* that L'Oreal's investigations were sufficient, the district court's decision illustrates the importance of an adequate search.

2.4 The Nature of the Opinion

A senior partner of our firm once said, "The client is entitled to your opinion," and that rule has been repeated through the years. The opinion that the client is entitled to is the attorney's best judgment as to the client's likelihood of success. Often it is desireable, at least from the client's point of view to express such an opinion in terms of a percentage, with at least some small percentage set aside for the possibility that a court might err. Thus, a prediction of 100% likelihood of success would be rare. In other cases, the likelihood of success is expressed in words, such as "very good," "better than even," or the like. In the case of trademark opinions, it appears that it is still possible to express such opinions. Unfortunately, at present, the patent attorney and client must be very cautious with regard to expressing likelihood of success in connection with studies made concerning freedom to use with respect to patents.

3.0 THE WILLFULNESS DILEMMA

The principal basis for award of enhanced damages[5] and attorney fees[6] to a patentee is willful infringement. The validity and infringement opinion can be of importance in preventing such an eventuality.

The underlying theme which has developed in the Federal Circuit's willfulness decisions is that you must act responsibly when you learn of a patent. In the event you are later found to have infringed the patent, lack of a competent opinion of U.S. patent counsel is likely to lead to a finding that your infringement was willful.[7]

Good faith reliance by the infringer on a competent opinion by intellectual property counsel presents a strong defense to an allegation of willful infringement. Yet, there is a downside to such reliance; there is substantial authority to support the proposition that once a party defends

---

[4] See note 2.

[5] 35 U.S.C. § 284. The court may award up to treble damages in its discretion.

[6] 35 U.S.C. § 285 states "The court in exceptional cases may award reasonable attorney fees to the prevailing party." A finding of willful infringement has been found to make the case exceptional under § 285. *See Avia Group Int'l, Inc. v. L.A. Gear California, Inc.*, 853 F.2d 1557 (Fed. Cir. 2988); *Bott v. Four Star Corp.*, 807 F.2d 1567 (Fed. Cir. 1986).

[7] A finding of willful infringement, however, does not mandate enhancement of damages, and lack of an attorney opinion does not mandate a finding of willfulness. *Read Corp. v. Portec, Inc.*, 23 U.S.P.Q. at 1435-37.

against an allegation of willful infringement by relying on good faith, it places in issue its state of mind and must disclose all direct evidence of its state of mind including all attorney opinions.[8]

In the sections that follow, the significance of the attorney opinion will be examined in the context of willful infringement.

3.1 Enhanced Damages

The question of whether or not infringement is willful, and thus the quality of the opinions received by the infringer, is of interest only because willful infringement is one basis for the Court to award attorneys fees and increase damages in patent litigation.

Section 284 of the Patent Act, provides the statutory basis for enhanced damages in its last sentence, "[i]n either event [a jury damages finding or court assessment thereof,] the court may increase the damages up to three times the amount found or assessed." 35 U.S.C. §284. That statute provides no guidance as to the basis for increasing damages, not even the meager limitations applicable to attorney fee awards, namely, that the case be "exceptional" cases, and that the fee award be reasonable and to the prevailing party. 35 U.S.C. §285. The Supreme Court has provided no guidance. Indeed, until the inception of the Federal Circuit on October 1, 1982, damages were enhanced "only in unusual cases." *Deere & Co. v. International Harvester Co.*, 658 F.2d 1137, 1146, 211 U.S.P.Q. 11, 20 (7th Cir. 1981).

From its first year, however, the Federal Circuit encouraged awards of enhanced damages in cases of willful infringement, citing--especially in its earlier opinions--an affirmative duty to exercise due care to determine whether or not one is infringing a known patent.

By 1986, the Federal Circuit had added two other grounds for enhanced damages: misconduct as a party in litigation and deliberate copying. *Bott v. Four Star Corp.*, 807 F.2d 1567, 1572, 1 U.S.P.Q.2d 1210, 1213 (Fed. Cir. 1986) (quoted in pertinent part *infra*). *Dicta* in *Yarway v. Eur-Control USA. Inc.*, 775 F.2d 268, 277-278, 227 U.S.P.Q. 352, 358-59 (Fed. Cir. 1985), indicating that damages could be enhanced solely for misconduct in litigation, as distinguished from an attorney fees award on that basis, was criticized as "contrary to the law of every circuit that treated the question in the last 20 or 25 years." John Pavlak, "Awards in Patent Litigation For Interest and Attorney's Fees, As Well As Multiple Damage Awards for Willful Infringement," AIPLA Bulletin 349, 350 Nov.-Dec. 1985). Recent *dicta* in *Read Corp. v. Portec, Inc.*, 23 U.S.P.Q.2d 1426, 1438 n.10 (Fed. Cir. 1992) (Nies, Ch. J.), however, rejects the misconduct ground and essentially merges copying into the willfulness analysis.

3.1.1 The Read Case

The Federal Circuit's *Read* opinion provides a useful guide to the law of increased damages pursuant to 35 U.S.C. § 284. *Read* was an appeal from a judgment, entered on a jury verdict, holding defendant liable for infringement of a design patent and a utility patent on a portable

---

[8] Stanley L. Amberg, *Waiver of Attorney-Client Privilege by Asserting a Good-Faith State-of-Mind Defense*, 73 JJPTOS 271 (April 1991).

loam screening apparatus, and awarding plaintiff treble damages and attorney fees.[9] The Court of Appeals affirmed as to infringement of the utility patent, reversed as to infringement of the design patent and as to enhanced damages (which had been attributed to the utility patent), and remanded for modification of the injunction and for reconsideration of the award of attorney fees. 23 U.S.P.Q.2d at 1428, 1430.

Defendant had become aware of plaintiff's patents and obtained a "very general" opinion from a patent attorney in January 1985, as a result of discussions with plaintiff of its possible acquisition by defendant. 23 U.S.P.Q.2d at 1430. When defendant designed its product, later found to be infringing, it consulted with its patent attorney and included two features intended to avoid infringement. *Id.* A written opinion of non-infringement was obtained in September 1987 and confirmed in writing in November 1987, shortly before defendant began production. *Id.*

Following the trial, in which the jury found both patents had been infringed, the district court had trebled the damages in reliance on all three of the *Bott* grounds: "'copying,' the willful nature of [defendant's] infringement, and [defendant's] 'manipulative' litigation strategy, which the [district] court said was 'reflective of the dubiousness of [defendant's] assertions that it produced its devices with a good faith belief in the innocence of its action.'" 23 U.S.P.Q.2d at 1436 (quoting U.S.P.Q.2d at 1247).

The Court of Appeals affirmed infringement, holding that all but one of the claims of the utility patent were met literally by defendant's product, and that one was met equivalently. 23 U.S.P.Q.2d at 1433, 1434. Finding that the jury's verdict on the design patent was not supported by substantial evidence, it reversed the judgment of its infringement. 23 U.S.P.Q.2d at 1434. Since the verdict form showed that the damages were attributed solely to the utility patent, the quantum of damages prior to enhancement was not at issue on appeal. *Id.*

Read quoted and initially cited the three *Bott* factors as deserving consideration in determining whether to award enhanced damages; while noting that list is not all-inclusive:

> (1) whether the infringer deliberately copied the ideas or design 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; and
>
> (3) the infringer's behavior as a party to the litigation.

23 U.S.P.Q.2d at 1435 (quoting *Bott v. Four Star Corp.*, 807 F.2d 1567, 1572, 1 U.S.P.Q.2d 1210, 1213 (Fed. Cir. 1986)).

The Federal Circuit found the characterization of defendant Portec's activity as "copying" unwarranted, although plaintiff's product had served as the starting point for defendant's design

---

[9] Denial of a motion for JNOV in *Read* is reported at 748 F. Supp. 1078 (D. Del. 1990). The opinion granting treble damages and attorney fees is at 17 U.S.P.Q.2d 1243 (D. Del. 1990).

efforts. While not specifically noting the Supreme Court's recent statements regarding the right to copy unpatented items,[10] the Court acknowledged that defendant's purpose was certainly to compete with plaintiff's patented product. Any bad implication which might be derived from that purpose, however, was overcome by the evidence of "specific changes deemed adequate by counsel to avoid infringement." "We have often noted that one of the benefits of the patent system is the incentive it provides for 'designing around' patented inventions, thus creating new innovations." 23 U.S.P.Q.2d at 1436 (citing *Slimfold Mfg. Co. v. Kinkead Indus., Inc.*, 932 F.2d 1453, 1457, 18 U.S.P.Q.2d 1842, 1845-46 (Fed. Cir. 1991); *State Indus., Inc. v. A.O. Smith Corp.*, 751 F.2d 1226, 1235-36, 224 U.S.P.Q. 418, 424 (Fed. Cir. 1985)). *Read* also includes several useful comments regarding the evaluation of attorney opinions. *Id.*, 23 U.S.P.Q.2d 1437-38.

3.2 Proof of Willful Infringement

The increased number of willfulness findings and resulting increase in awards of enhanced damages can be attributed largely to the Federal Circuit's emphasis on the duty to seek and obtain competent legal advice from counsel before the initiation of any possible infringing activity." *Underwater Devices, Inc. v. Morrison-Knudsen Co.*, 717 F.2d 1380, 1389-90, 219 U.S.P.Q. 569, 576 (Fed. Cir. 1983). The imposition of that duty apparently set aside the rule which had prevailed in many regional circuits that a good faith defense of the action would avoid a finding of willfulness. *See, e.g., Deere & Co. v. International Harvester*, 658 F.2d 1137, 1146, 211 U.S.P.Q. 11, 20 (7th Cir. 1981); *Wahl v. Carrier Mfg. Co. Inc.*, 511 F.2d 209, 214, 184 U.S.P.Q. 516, 519 (7th Cir. 1975).

Willfulness is a question of fact, *Ortho Pharmaceutical Corp. v. Smith*, 959 F.2d 936, 944, 22 U.S.P.Q.2d 1119, 1126 (Fed. Cir. 1992); *Ryco. Inc. v. Ag-Bag Corp.*, 857 F.2d 1418, 1428, 8 U.S.P.Q.2d 1323, 1331 (Fed. Cir. 1988) (citing *Shatterproof Glass Corp. v. Libbey-Owens Ford Co.*, 758 F.2d 613, 628, 225 U.S.P.Q. 634, 644 (Fed. Cir. 1985); *Avia Group International, Inc. v. L.A. Gear California, Inc.*, 853 F.2d 1557, 1566, 7 U.S.P.Q.2d 1548, 1555 (Fed. Cir. 1988)), as is the determination that a case is "exceptional" as a prerequisite to award of attorneys' fees, *Eltech Systems Corp. v. PPG Industries, Inc.*, 903 F.2d 805, 810-11, 14 U.S.P.Q.2d 1965, 1969-70 (Fed. Cir. 1990); *Ryco*, 857 F.2d at 1429, 8 U.S.P.Q.2d at 1332.

The focus of willful infringement is the state of mind of the infringer: his or her bad faith or good faith. *See, e.g., Machinery Corp. of America v. Gullfiber AB*, 774 F.2d 467, 472-73, 227 U.S.P.Q. 368, 372-73 (Fed. Cir. 1985); *Gustafson Inc. v. Intersystems Industrial Prods., Inc.*, 897 F.2d 508, 510, 13 U.S.P.Q.2d 1972, 1974 (Fed. Cir. 1990). It is a question of the infringer's intent. *Ortho*, 959 F.2d at 944, 22 U.S.P.Q.2d 1126. *See, generally*, Stanley L.

---

[10] *See, e.g., Bonito Boats, Inc. v. Thunder Craft Boats. Inc.*, 489 U.S. 141, 146, 164-65 (1989), discussed in John B. Pegram, Trademark Protection of Product and Container Configurations, 81 Trademark Reptr. 1, 18-23 (1991). *Cf., Feist Publications Inc. v. Rural Telephone Service Co.*, ____ U.S.___, 111 S.Ct. 1282, 59 U.S.L.W. 4251 (1991).

Amberg, *Waiver of Attorney-Client Privilege by a Good-Faith State-of-Mind Defense,* 73 JPTOS 271 (April 1991). Willful has been defined as "being in accordance with one's will," and "will" as "the mental faculty by which one deliberately chooses or decides upon a course of action." The American Heritage Dictionary 1382 (2nd Coll. Ed. 1982). The state of mind of the infringer is to be determined by all of the direct evidence on which that state of mind is based, if it is available, or by circumstantial evidence and inference, if it is not. *Kloster Speedsteel AB v. Crucible Inc.,* 793 F.2d 1565, 1580, 230 U.S.P.Q. 81, 91 (Fed. Cir., *reh'g granted, modified in part,* 231 U.S.P.Q. 160 (1986); *Fromson v. Western Litho Plate and Supply Co.,* 853 F.2d 1568, 1572-73, 7 U.S.P.Q.2d 1608, 1610-11 (Fed. Cir. 1988).

The standards of responsible behavior imposed by willful infringement decisions include (1) an affirmative duty to seek and obtain competent, preferably written, legal advice from counsel, *Paper Converting Machine Co.. Inc. v. Magna Graphics Corp.,* 785 F.2d 1013, 1015, 228 U.S.P.Q. 938, 939 (Fed. Cir. 1986) ("a reasonably prudent person ... 'would have obtained a written opinion of counsel for the inevitable day in court'"); (2) the advice should be obtained before the initiation of any possible infringing activity, *Underwater Devices Inc. v. Morrison-Knudsen Co.,* 717 F.2d 1380, 1390, 219 U.S.P.Q. 569, 577 (Fed. Cir. 1983); (3) objective and specific factors should appear in the opinion to support a timely and thorough validity analysis based on file histories and an infringement analysis, *Id.*; and (4) the legal advice should be followed promptly and responsibly, *Central Soya Co. v. Geo. A. Hormel & Co.,* 723 F.2d 1573, 1577, 220 U.S.P.Q. 490, 493 (Fed. Cir. 1983).

Any actual notice of patent rights creates an affirmative duty to exercise due care in determining whether or not there is infringement. *Ortho,* 959 F.2d at 944, 22 U.S.P.Q.2d at 1125; *Ryco,* 857 F.2d at 1428, 8 U.S.P.Q.2d at 1331. *See, also, Avia,* 853 F.2d at 1566, 7 U.S.P.Q.2d at 1555; *Rolls-Royce Ltd. v. GTE Valeron Corp.,* 800 F.2d 1101, 1109, 231 U.S.P.Q. 185, 191 (Fed. Cir. 1988); *Underwater Devices,* 717 F.2d at 1390, 219 U.S.P.Q. at 577. There are, however, no hard and fast rules. *Studiengesellschaft Kohle m.b.H. v. Dart Industries, Inc.,* 862 F.2d 1564, 1573, 9 U.S.P.Q.2d 1273, 1282 (Fed. Cir. 1988) (*Studiengesellschaft II*) (citing *RollsRoyce,* 800 F.2d at 1110, 231 U.S.P.Q. at 191). A finding of willfulness requires "due consideration of the totality of the circumstances." *Id.* at 1573, 9 U.S.P.Q.2d at 1282; *Ortho,* 959 F.2d at 944, 22 U.S.P.Q.2d at 1125. *See, e.g., Amstar Corp. v. Envirotech Corp.,* 823 F.2d 1538, 1547, 3 U.S.P.Q.2d 1412, 1418 (Fed. Cir. 1987).

In *Ryco,* the test was defined as "whether under all the circumstances, a reasonable person would prudently conduct himself with any confidence that a court might hold the patent not valid or not infringed." 857 F.2d at 1428, 8 U.S.P.Q.2d at 1331 (citing *Central Soya,* 723 F.2d at 1577, 220 U.S.P.Q. at 492). *Ryco* reversed a finding that defendants had a reasonable belief in the absence of advice of counsel. The duty of due care normally requires competent legal advice of counsel before infringing, or continuing to infringe. 857 F.2d at 1428, 8 U.S.P.Q.2d at 1332; *Avia,* 853 F.2d at 1566, 7 U.S.P.Q.2d at 1555, (both citing *Rolls-Royce,* 800 F.2d at 1109, 231 U.S.P.Q. at 191). As the Court of Appeals for the Federal Circuit stated in *Rite-Hite Corp. v. Kelley Co., Inc.,* 819 F.2d 1120, 2 U.S.P.Q.2d 1915 (Fed. Cir. 1987):

> we have observed that "[t]here is no *per se* rule that an opinion letter from patent counsel will necessarily preclude a finding of willful

> infringement, ... nor is there a *per se* rule that the lack of such a letter necessarily requires a finding of willfulness."
>
> * * * *
>
> A finding of willfulness does not always lead to the award of increased damages and attorney fees. A trial court's exercise of discretion in the circumstances before it is "informed by the court's familiarity with the matter in litigation and the interest of justice."

Id. at 1125-26, 2 U.S.P.Q.2d at 1918-19 (citations omitted).

3.2.1 The Prima-Facie Case

After *Underwater Devices*, a patent owner did not have to prove the bad faith state of mind of the infringer. He only had to prove that the infringer (1) knew of the patent and (2) its relation to infringer's activities, and (3) thereafter commenced infringing acts or continued them. Those three elements of proof have become sufficient for the patent owner to make out a *prima facie* case of willful infringement because proof of those three elements was enough to impose upon the infringer the burden of proving compliance with its affirmative duty to exercise care to avoid infringement. *Great Northern Corp. v. Davis Core & Pad Co.*, 782 F.2d 159, 166-67, 228 U.S.P.Q. 356, 360 (Fed. Cir. 1986).

In order to discharge his burden of proving compliance with the affirmative duty imposed by *Underwater Devices*, the infringer must show nonwillfulness, an innocent state of mind, according to a legal standard which has both a subjective component and an objective component: Did the infringer have a good faith belief of no liability under the patent in question (the subjective component), and, if he did, was that belief reasonable under the totality of the circumstances (the objective component). *Radio Steel & Mfg. Co. v. MTD Prods., Inc.*, 788 F.2d 1554, 1559, 229 U.S.P.Q. 431, 434-35 (Fed. Cir. 1986); *Studienaesellschaft Kohle mbH v. Dart Industries, Inc.*, 862 F.2d 1564, 1577-79, 9 U.S.P.Q.2d 1273, 1285-87 (Fed. Cir. 1988).

4. THE INTERPLAY OF WILLFULNESS DEFENSES AND PRIVILEGES

4.1 Can Privileges Be Preserved?

Whether attorney-client and work product privileges can be preserved while defending patent cases depends largely on whether the trial judge will separate the equitable issue of willfulness from the liability and damages phases of trial and discovery.

Once the infringer injects any facts into the case to show his or her good faith or state of mind, then a waiver of privilege may be implied with respect to all communications with counsel which reached the mind of the infringer, i.e., were known to the infringer. According to at least some courts, the infringer may make a general denial of willful infringement, and

keep silent about good faith and state of mind, thereby maintaining the privilege. *Lorenz v. Valley Forge Insurance Co.*, 815 F.2d 1095, 1098 (7th Cir. 1987); *General Electric Co. v. Hoechst Celanese Corp.*, 15 USPQ2d 1673, 1679 (D.Del. 1990). But, once the infringer offers any evidence on the issue of good faith state of mind, he thereafter may be unable to assert privilege as a shield to prevent revelation of the totality of the facts relating to a purported good faith state of mind. *See, generally,* Amberg, *supra.*

The pressure to proffer counsel's opinion was bluntly put in *Fromson v. Western Litho Plate and Supply Co.*, 853 F.2d 1568, 7 U.S.P.Q.2d 1606 (Fed. Cir. 1988) ("Fromson IV"). Notwithstanding the view expressed in some of its other opinions, that an attorney's opinion is not mandated, the Federal Circuit said:

> "Where the infringer fails to introduce an exculpatory opinion of counsel at trial, a court must be free to infer that either no opinion was obtained or, if an opinion were obtained, it was contrary to the infringer's desire to initiate or continue its use of the patentee's invention."

Id. at 1572-73, 7 U.S.P.Q.2d at 1611; *Compare, Read,* 23 U.S.P.Q.2d at 1437 (absence of advice of counsel does not mandate a finding of willfulness); *Kloster Speedsteel AB v. Crucible Inc.*, 793 F.2d 1565, 1579-80, 230 U.S.P.Q. 81, 90-91 (Fed. Cir.), *reh'g granted. modified in part,* 231 U.S.P.Q. 160 (1986). In most cases, with possibility of that "free to infer" sword hanging, counsel will feel compelled to produce an exculpatory opinion or find a way to defer production.

4.2 Separate Trial of Willfulness

The only practical way to preserve privilege while defending against a charge of willfulness is to demand a separate trial to the Court of willfulness, or at least deferral of willfulness discovery and trial until such time as liability as an infringer has been established. You can't pick and choose the opinion to be produced. *Abbott Laboratories v. Baxter Travenol Laboratories Inc.*, 676 F. Supp. 831, 832, 6 U.S.P.Q.2d 1398, 1399 (N.D. Ill. 1987). A partial waiver of privilege won't work. *Id.* This subject has been discussed at length elsewhere; therefore, this paper will only outline the arguments and note recent developments. *See generally,* John B. Pegram, *Preserving Privilege in the Face of a Willful Infringement Charge,* 73 JPTOS 286 (April 1991).

Premature and unintentional waiver of privilege must be avoided. From the outset of the action, the defendant must make it clear that it intends to defend against the willfulness claim while preserving the attorney-client privilege and attorney work product immunity to the full extent permitted by the law and procedural rules. While some courts have suggested (*in dicta*) that the mere pleading of a defense would waive the privilege, the better view is that the pleading alone does not constitute a waiver. The preferred course is to avoid affirmatively asserting advice of counsel when denying willful infringement in a pleading. Responses to

discovery of opinions and work product should include an objection to the timing of production before liability has been established. In the event of a motion to compel, the defendant should move under Rule 42(b), Fed.R.Civ.P., for separate, deferred trial of willfulness to the court and a protective order deferring willfulness discovery under Rule 26(c), Fed.R.Civ.P. *See, Rohm & Haas Co. v. Mobil Oil Corp.*, 654 F.Supp. 82, 86-87, 3 U.S.P.Q.2d 1619, 1621-22 (D. Del. 1987).

Recently, in *McNeil-PPC, Inc. v. Proctor & Gamble Distributing*, Civ. No. 91-4213 (D.N.J. Jan. 13, 1993), a district court reversed a decision by a magistrate to try the willfulness issue separately from the liability issue. The court stated that its discretion to order separate trials on liability and willfulness was limited by the Seventh Amendment, which would bar bifurcation where fact questions common to both trials and essential to a verdict would be decided by different juries. The court cited *Read* for the proposition that the "closeness of the liability issue" is a factor relevant to a finding of willfulness. Since this factor requires reexamination of the basis of liability, the court found there was a substantial overlap of factual issues as to willfulness and liability, and therefore concluded that separate trials would violate the Seventh Amendment.

The court's analysis was based on the presumption that a different jury would hear the liability and willfulness trials. Concern about two different juries should be eliminated where the same jury is to hear both the liability and willfulness trials.

The question of whether or not acts of infringement are willful is separate and distinct from the issue of infringement. *Wilden Pump & Eng. Co. v. Pressed & Welded Prods. Co.*, 655 F.2d 984, 989, 213 U.S.P.Q. 282, 286 (9th Cir. 1981) ("In determining the question of infringement, the desire or intent to infringe a patent is irrelevant") (citations omitted); *Swofford v. B&W. Inc.*, 336 F.2d 406, 413, 142 U.S.P.Q. 291, 296 (5th Cir. 1964) ("questions of willfulness, deliberateness, and increased damages should properly await final judgment"); *Green Valley Products Inc. v. Sterwood Corp.*, 308 F.Supp. 700, 701, 162 U.S.P.Q. 627, 628 (E.D.N.Y. 1969) (question of willfulness will not arise in determinations of validity or infringement). The factors listed in *Read*, cited by the court in *McNeil*, were relevant to determining whether to award enhanced damages, not to a determination of whether infringement was willful.

In *McNeil*, the court stated that the Federal Circuit has ruled that willfulness is a jury issue, citing *Richardson v. Suzuki Motor Co.*, 868 F.2d 1226, 1250 (Fed. Cir. 1989). The *Richardson* case held, *inter alia*, that the district court erred in directing a verdict on the issue of willfulness, since there was sufficient evidence to take to the jury. *Dicta* notwithstanding, the question of whether there is a right to a jury trial of willfulness was not before the court in *Richardson*.[11]

---

[11] *Richardson* is distinguishable from the usual patent case because it also involved issues of fraud and misappropriation of trade secrets. It would have been unconstitutional to have taken from the jury those facts which relate to these issues and to willfulness.

The issue of willfulness is relevant to two claims: increased damages and attorney fees. Both are addressed to the court, not the jury. Both are within the discretion of the court; therefore, there is no right to a jury trial. When the issue has been analyzed, the courts have consistently held that equitable matters in patent cases, as in all federal cases, create no right to a jury trial. *See, e.g., Paragon Podiatry Laboratory, Inc., v. KLM Lab, Inc.*, No. 91-1455 at 17 (Fed. Cir. Jan. 26, 1993) (Supreme Court cases referring to intent, as an issue to be resolved by a jury have no applicability to an equitable defense. "[T]he defense of inequitable conduct in a patent suit, being entirely equitable in nature is not an issue for a jury to decide"); *Gardco Mfg., Inc. v. Herst Lighting Co.*, 820 F.2d 1209, 2 U.S.P.Q.2d 2015 (Fed. Cir. 1987) (affirming separate trial before court of the defense of inequitable conduct in patent procurement); *Dewey Electronic Corp. v. Montage. Inc.*, 1 F.R.D. 73, 3 U.S.P.Q.2d 1229 (M.D. Pa. 1987) (rejecting a jury trial demand for the defenses of laches and estoppel.) The rules concerning separate trials and avoidance of prejudice permit, and may even require, a court to keep the willfulness issue from the jury. *See, generally,* Pegram, *Preserving Privilege,* supra. A bench trial of willfulness minimizes the risk in disclosing attorney-client-communication in conjunction with a waiver of privilege.

Recent Federal Circuit *dicta* supports the view expressed here. Acknowledging the "fundamental values sought to be preserved by the attorney client privilege," the Court said:

> An accused infringer . . . should not, without the trial court's careful consideration, be forced to choose between waiving the privilege in order to protect itself from a willfulness finding, in which case it may risk prejudicing itself on the question of liability, and maintaining the privilege, in which case it may risk being found to be a willful infringer if liability is found.

Quantum Corp. v. Tandon Corp., 940 F.2d 642, 643-44, (Fed. Cir. 1991). The Court, therefore, suggested that "Trial courts . . . should give serious consideration to a separate trial on willfulness whenever the particular attorney-client communications, once inspected by the court in camera, reveal that the defendant is indeed confronted with this dilemma." *Id.* at 644.[12]

---

[12] The Federal Circuit declined exercise of interlocutory appellate jurisdiction in Quantum v. Tandon, 940 F.2d at 644-45. Thus, the district court's refusal of a separate trial stood. Faced, *inter alia*, with the risk of a prejudicial jury instruction at trial (*a la Fromson IV*, quoted *supra*) Tandon produced its opinions and subsequently settled its dispute with Quantum. The author represented Tandon in that case.

4.3 Five Reasons for Preserving Privilege in Willfulness Cases

In deciding whether or not to disclose attorney opinions and work product, in order to defend against charges of willful infringement, five reasons for preserving the privilege should be considered.

The first is the quality of opinions; a policy reason affecting the patent system. If opinions are to be a regular feature of the liability stage of trials, attorneys will feel compelled to write unequivocally to avoid casting doubt upon the defense. The possibility of trial by a jury makes a tendency in that direction inevitable. The result will be a diminution in the value of the advice to the client, contrary to the policy behind the attorney-client privilege and work product immunity. The omission of such qualifications as the attorney might otherwise have included in an opinion also exposes the attorney to greater risk of a malpractice action.

Fortunately, the Federal Circuit is aware of this problem, saying in *Read*: "An opinion of counsel, of course, need not unequivocally state that the client will not be held liable for infringement. An honest opinion is more likely to speak of probabilities than certainties." *Id.*, 23 U.S.P.Q.2d at 1437, n.9. While a court is likely to appreciate that, it seems less likely that a jury would.

The second reason is that the accused infringer's attorney opinions will become a roadmap for the patentee. The inequity of the situation reaches its pinnacle in cases where the patentee seeks discovery of opinions up to the date of trial on the theory that the willfully infringing conduct continued during the course of litigation.

The third reason is a variant of the second. It is likely to occur in many cases as a result of discovery and the intense study of a patent which occurs during litigation. The original opinion may state a satisfactory defense, but trial counsel prefers to rely primarily on another defense at trial. If the original opinion is in evidence in the liability stage, defense counsel will be compelled to defend it, diluting the impact of the preferred defense.

Indeed, *dicta* in *Read* suggests that "A good test that the advice given is genuine and not merely self-serving is whether the asserted defenses are backed up with viable proofs during trial...." *Id.*, 23 U.S.P.Q.2d at 1437, n.9. Compelling counsel to defend opinions in such a case would be particularly harmful before a jury, which is less likely to understand the concept of alternative defenses than a judge. Indeed, a jury may be inclined to weigh the original opinions against the other defenses asserted at trial to defendant's detriment.

The fourth reason arises when there is a weak opinion or none at all. The Federal Circuit has indicated that it is appropriate for the court "to infer that either no opinion was obtained or, if an opinion were obtained, it was contrary to the infringer's desire." *Fromson v. Western Litho Plate and Supply Co.*, 853 F.2d 1568, 1572-73, 7 U.S.P.Q.2d 1606, 1611 (Fed. Cir. 1988). Imagine the prejudicial impact of such an instruction in either the liability or damages phase of a jury trial! The issues of whether or not there was an opinion and the quality of any opinion appear irrelevant to the basic issues of infringement and validity.

The fifth and last reason to be noted here is the risk of attorney disqualification. If an attorney should be called as a witness at trial for his own client, the attorney has an ethical obligation to withdraw as trial attorney under the new ABA Model Rules of Professional Conduct, except where: (1) the testimony relates to an uncontested issue; (2) the testimony relates to the nature and value of legal services rendered in the case; or (3) disqualification of the lawyer would work substantial hardship on the client. The third exception may not apply if one or both of the parties could reasonably foresee that the lawyer would be a witness. Model Rules of Professional Conduct Rule 3.7 comment (1983) (amended 1989). Another attorney in the lawyer's firm, however, may represent the client, as imputed disqualification is not relevant here. *Id. See, also,* Note, *The Advocate-Witness Rule: If Z Then X. But Why?,* 52 N.Y.U. L. Rev. 1365, 1379-84 (1977).

Under the old ABA Model Code of Professional Responsibility, still in effect in many states, if the lawyer learns, or it is obvious, that he or a lawyer in his firm ought to be called as a witness on behalf of his client, he shall withdraw from the conduct of the trial and his firm, if any, shall not continue representation in the trial; except that he may continue the representation and he or a lawyer in his firm may testify if: (1) the testimony will relate solely to an uncontested matter; (2) the testimony will relate solely to a matter of formality and there is no reason to believe that substantial evidence will be offered in opposition to the testimony; (3) the testimony will relate solely to the nature and value of legal services rendered in the case by the lawyer or his firm to the client; or (4) as to any matter, if refusal would work a substantial hardship on the client because of the distinctive value of the lawyer or his firm as counsel in the particular case. Model Code of Professional Responsibility DR 5101(B)(1)-(4), 5-102 (1969) (amended 1980).

Thus, if an accused infringer selects as trial counsel the same attorney who previously rendered an opinion, it is possible he may be deprived of that counsel if or when he relies upon that counsel's opinion in defending against the claim of willfulness. This problem reaches the height of absurdity when combined with the attorney-client privilege problem, relating to opinions in the course of litigation. Can it be that the law that trial counsel must refrain from giving any opinions to their clients during litigation, to avoid the possibility of disqualification under the ethical rules?

5. MALPRACTICE

One concern faced by every attorney writing an opinion should be avoidance of malpractice. In *Jackson Jordan, Inc. v. Leydig, Voit & Mayer,* No. 70410 (Ill. Sup. Ct. Dec. 4, 1992), a patent law firm avoided a malpractice claim for allegedly negligently failing to advise the client of its potential patent infringement, perhaps only because the malpractice claim was time-barred under the state's five-year statute of limitations.

In 1973, the client ("Jackson"), who manufacturers and sells railroad track maintenance equipment, asked its patent attorneys whether the new machine Jackson was planning to

manufacture would infringe any patents. The attorneys opined that no "unexpired patents would present any infringement problems." Jackson proceeded to manufacture and market the proposed machine. *Id.* at 1. The attorneys' opinion failed to refer to a U.S. patent assigned to one of Jackson's competitor's, Plasser American, which patent Plasser favorably asserted in 1980 against another competitor. In response to an inquiry by Jackson regarding the implications of this litigation for Jackson, the attorneys assured Jackson that the Plasser patent was invalid, and recommended that Jackson file a declaratory judgment action for patent invalidity against Plasser. In 1982, Jackson filed suit, and Plasser counterclaimed for infringement. The patent was ultimately found to be not invalid and infringed by Jackson, and the parties settled for $1.9 million in damages. *Id.* at 2-4.

Jackson sued the attorneys for malpractice in 1988, alleging that the attorneys negligently failed to examine and review the Plasser patent in 1970, when it issued and the attorneys had been aware of it, and in 1973, when Jackson requested the opinion regarding its new machine. The trial court granted the attorneys' summary judgment motion, finding that the applicable limitations period began to run in 1982 when Plasser sent a letter to Jackson threatening to sue if the matter could not be resolved amicably. The appellate court and the Illinois Supreme Court affirmed.

The Supreme Court opinion evinces a view that Leydig had an expansive duty to protect its client--a duty "not merely to protect its client from meritorious patent infringement actions, but, in a broader sense, to protect it against the uncertainty and expense even of ultimately unsuccessful challenges to its products." *Id.* at 9. The court suggested that the attorneys breached their duty of care in 1973, when they advised Jackson that it faced no infringement problem. In the court's view, the injury occurred once the client was faced with the prospect of defending a patent infringement action, regardless of its outcome. *Id.* at 10.

JBP31-01

BROWDY AND NEIMARK, P.L.L.C.
ATTORNEYS AT LAW
PATENT AND TRADEMARK CAUSES
SUITE 300
624 NINTH STREET, N.W.
WASHINGTON, D.C. 20001-5303
TELEPHONE (202)-628-5197

TELECOPIER FACSIMILE
(202) 737-3528
(202) 393-1012

E-MAIL
mail@browdyneimark.com

ALVIN BROWDY (1917-1998)
SHERIDAN NEIMARK
ROGER L. BROWDY

ANNE M. KORNBAU
NORMAN J. LATKER

OF COUNSEL
IVER P. COOPER

PATENT AGENT
ALLEN C. YUN, PH.D.

COPY

June 27, 2000

CONFIDENTIAL COMMUNICATION - PRIVILEGED LEGAL OPINION

VIA TELEFACSIMILE

Mr. James J. Lin
DP Direction International
3rd Floor, No. 549
Yung Chun East 1st Road
Nan Tun Zone
Taichung 408, Taiwan
REPUBLIC OF CHINA

Re: Infringement Study of Huang USP 5,797,813
Our Reference: Huang '813/DIR/OPN
Your Reference: QHB02PL075US

Dear Mr. Lin:

We are in receipt of your letter of June 16, 2000, in which you ask us to assess whether the client's product might infringe U.S. patent 5,797,813 to Huang (hereinafter the '813 patent). We have now studied the claims and specification of Huang and analyzed the sample of one of the client's products, and we report as follows:

Summary Opinion[1]

Based on our initial analysis, it is our opinion that the client's product does not literally infringe any of the claims of the '813 patent. It should be understood that this report makes no opinion as to the validity of the claims of the '813 patent and we are assuming, for the purpose of this report only, that the claims are valid. If you wish for us to conduct a validity study of the claims of the '813 patent, we can do so.

[1] Please be advised that our opinion is not a guarantee. The patent law in the USA is complex and is not consistently applied by patent examiners or the courts or even by patent attorneys. Consequently, there is no certainty, if suit were to be filed, that the court or jury would agree with our opinion.

While we have not been able to complete our doctrine of equivalents analysis in the short time given to us for this opinion, our initial conservative opinion is that a court could find that one or more claims of the '813 patent are infringed by the client's product under the doctrine of equivalents.

The Client's Product

The client's product is a flexible strip material for wrapping about a handle or resilient sleeve for use on a tennis racket, a golf club shaft, or the like. The strip is made of a non-woven cloth material, which we will assume to be a felt material, which strip is coated with a polyurethane material. The strip is formed by dipping the felt strip into a liquid mixture containing the polyurethane which is then formed as a coating layer, cured and dried. The outer edges of the strip are provided longitudinally with heat compressed reinforcement portions. While the description of the product at attachment A to your letter does not explicitly say so, it is apparent from the drawing on that page and from the sample provided to us as Annex B, that the outer edges may also be skived on the inner surface to form slanted side edges. The inner surface of the product is provided with a double adhesive tape and is spirally wrapped about the handle/sleeve with the underside of adjoining recessed side edges overlapping one another. You have advised us that some of the pores 18 of the upper polyurethane layer extend generally normal to the longitudinal axis of the handle.

The '813 Patent

The '813 patent also relates to a grip for handles which includes a strip which has a polyurethane layer bonded directly to a felt layer. The '813 patent strip, too, has heat compressed reinforcement portions along the edges and a skived underside at the edges providing a slanted portion. It appears that the only difference between the two products is that, in the '813 patent, the polyurethane layer is disclosed as being made by coating only one side of a felt strip with a solution of polyurethane, immersing the coated strip in a water bath to displace the solvent and to cause the polyurethane to coagulate, and finally driving off the water by the application of pressure and heat (column 4, lines 40-46). By this process, the polyurethane is only on the upper surface of the felt strip. This is distinguishable from the procedure described for the client's product, in which the felt strip is dipped into the polyurethane so that the polyurethane is applied both to the upper and the lower surfaces.

Looking at the client's product through a magnifying glass, it appears that the lower layer of polyurethane is very thin. You have not explained how the strip is processed after the coating process in order to leave the top polyurethane layer relatively thick and the underside layer so thin as to be barely visible.

Claim Analysis

Huang contains 21 claims. Of these, claims 1, 6, 10, 14, 17 and 21 only are independent claims. If an independent claim is not infringed, then claims which depend from that claim are also not infringed. Accordingly, we analyze the six independent claims 1, 6, 10, 14, 17 and 21 below, starting with claim 1. We will analyze the claim limitations vis-à-vis the client's product in a side-by-side comparison.

The '813 Patent	The Client's Product
1. The combination of a handle of an impact imparting a [*sic*] device and a resilient grip, comprising:	While the sample provided to us does not include a handle but only a spirally wrapped sleeve for insertion onto a handle, we will assume that the final product sold to, or used by the consumer, will include such a combination of a handle and a resilient grip. If only the sleeve is sold, its only utility is when used on a handle and, therefore, we will assume that if a handle having the client's sleeve thereon is an infringement, then the sale of the sleeve will be considered to be contributory infringement.
a strip **consisting of** an open-pored felt layer having a generally flat inner surface and radially extending side edges,	The client's product is a strip and includes an open-pored felt layer having a generally flat inner surface and side edges. While the term "radially extending" is not the most descriptive language, it is apparent from the specification and the drawings that this term is intended to refer to the side edges of the strip.

and a flat closed pore polyurethane layer having its inner surface bonded to the outer surface of the felt layer, with the pores of such polyurethane layer extending generally normal to the longitudinal axis of the strip, and with the felt layer providing strength for the polyurethane layer, while the polyurethane layer both absorbs shocks and provides tackiness so as to inhibit slippage of a user's hand relative to a handle;	The client's product includes such a polyurethane layer which has pores, some of which are generally normal to the longitudinal axis of the strip. We will assume that the strength, shock absorbing, and tackiness properties specified are also present in the client's device. **However, the client's device does not "consist of" a felt layer and a polyurethane layer bonded to the outer surface of the felt layer. The term "consisting of" is closed language and does not comprehend additional layers on the strip. As the client's device has an additional polyurethane layer on the inner surface of the felt layer, the client's product does not meet the terms of "a strip consisting of an open-pored felt layer ... and a flat closed-pored polyurethane layer having its inner surface bonded to the outer surface of the felt layer ...".**
heat compressed radially inwardly extending reinforcement side edges formed in the polyurethane layer of the strip along the length of the strip;	The client's product includes such heat compressed side edges with the understanding that the term "radially inwardly extending" is intended to mean the manner shown in the drawings of the '813 patent.
outwardly and downwardly slanted side edges formed along the length of the felt layer;	The client's device has slanted side edges which appear to be identical to those shown in the drawings of the '813 patent. Thus, despite the imprecise use of the term "downwardly", it is apparent that the client's device meets the intended language of this feature of the claim.

an adhesive applied to the underside of the felt layer; and	**While the client's product includes an adhesive applied to the underside of the strip, it is not applied to the underside of the felt layer as there is a polyurethane layer bonded to the underside of the felt layer. The adhesive is applied to the underside of the polyurethane layer. Nevertheless, it is possible that it could be interpreted that the adhesive layer of the client's device is indirectly applied to the underside of the felt layer. This point could be argued either way, but we believe that the stronger argument would be that the claim requires that the adhesive be directly applied to the underside of the felt layer.**
the strip being spirally wrapped about the handle with the underside of adjoining recessed side edges overlapping one another to form a water retarding joint between the adjoining side edges.	In the golf club sleeve provided to us as a sample, it is apparent that the strip is not directly wrapped about the handle, but is wrapped about the sleeve. Again, this limitation could be broadly interpreted as including indirectly wrapping the strip about the handle by means of the sleeve. In any event, others of the independent claims, as will be discussed below, specifically comprehend wrapping about a sleeve. We understand that the client's product achieves the same overlapping and the same water retarding joint between adjoining side edges.

In view of the above analysis, it is apparent that the client's device does not literally infringe claim 1, even assuming that the client sells tennis rackets with the strip directly applied to the handle of the racket. This is because

the limitation of a strip "consisting of" a felt layer and a polyurethane layer is not met by a strip having a felt layer with two polyurethane layers, one above and one below the strip. Furthermore, it can be argued that the requirement that the adhesive be applied to the underside of the felt layer is not met, as this claim language requires direct application of the adhesive to the felt layer, which is not achieved in the present invention. Despite the fact that there is no literal infringement, a claim can still be infringed under the doctrine of equivalents. The doctrine of equivalents issues will be discussed in the following section of this report.

Independent claims 6, 10, and 17 will be discussed hereinbelow only to the extent that they differ from claim 1 as analyzed in detail hereinabove. Claim 6 differs from claim 1 in the addition of the following limitation between the final two paragraphs:

a resilient sleeve applied to the handle;

As the client comprehends that its product will be used with such a resilient sleeve, for example on golf clubs, and the sample provided does indeed show such a resilient sleeve, we will assume that at least some of the client's products include this limitation. Thus, the analysis of why claim 6 is not literally infringed is exactly the same as that discussed above for claim 1.

Claim 10 differs from claim 1 in that the preamble reads:

In a golf club grip,

This claim does not include the last paragraph about the strip being spirally wrapped about the handle. Furthermore, the first clause defining the strip does not include the language "and radially extending side edges". Otherwise, the claim is identical to claim 1. As the client's strip can be used in a golf club grip, it is believed that the analysis of claim 10 also is the same as that described above for claim 1 in that there is no literal infringement of claim 10 for the same reasons as discussed above with respect to claim 1 insofar as the exclusion of a third layer in the strip is concerned and the application of the adhesive to the underside of the felt layer.

Claim 17 is substantially the same as claim 1, except that it includes the limitation:

an upwardly extending groove formed on the central underside of the felt layer along its length.

The sample provided to us does not include such a groove. Thus, claim 17 is not literally infringed, not only for the reasons discussed above for claim 1, but also because the client's device does not include such an upwardly extending groove.

Claim 14 is a method claim which will be analyzed as follows:

A method of making a golf club grip, said method comprising:	The sample provided to us of a wrapped sleeve is a golf club grip and was made by a method.
forming a grip consisting of an open-pored felt layer having a generally flat inner surface to encompass a handle and a flat closed-pored polyurethane layer having its inner surface bonded to the outer surface of the felt layer, with the pores of such polyurethane layer extending generally normal to the longitudinal axis of the strip, and with the felt layer providing strength for the polyurethane layer while the polyurethane layer both absorbs shocks and provides tackiness so as to inhibit slippage of a user's hand relative to a handle;	The strip of the client's product is also "formed". **However, the forming step is not literally infringed as the strip does not "consist of" a felt layer and a polyurethane layer. As discussed above in claim 1, this language excludes the possibility of a third layer. The client's product has such a third layer.**
applying a heated platen radially inwardly against the side edges of the polyurethane layer with sufficient pressure to compress the material of the polyurethane radially inwardly of the upper surface of such layer;	It is our understanding that the heat compressed reinforcement portions of the edges of the client's product are made through use of such a heated platen.

skiving the underside of the felt layer to form outwardly and downwardly slanted side edges along the length of the felt layer;	It is our present understanding that the underside of the felt layer is made into slanted side edges by means of skiving.
applying an adhesive to the underside of the felt layer;	**In the method for making the client's product, an adhesive is not applied to the underside of the felt layer, but is applied to the underside of the underlying polyurethane layer.**
providing a resilient sleeve; and	In the sample sent to us, there is indeed a resilient sleeve.
spirally wrapping the strip around the sleeve with the slanted side edges of the felt layer overlapping one another to form a water retarding joint between the adjoining side edges.	In the sample provided to us, the strip is spirally wrapped in this manner around the sleeve.

From this analysis, it is apparent that claim 14 is not literally infringed for the same reasons as discussed above for the other independent claims.

Finally, claim 21 may be analyzed as follows:

21. The combination of a handle of an impact imparting device and a resilient grip, such combination comprising:	This is the same language as the preamble of claim 1 already discussed above.
a strip of resilient material having a water retarding outer portion;	This language does not use the "consisting of" language of all of the other claims. The strip of the client's device is of a resilient material having a water retarding outer portion.

radially inwardly extending reinforcement side edges formed in the outer portion of the strip along the length of the strip;	This language differs from claim 1 in that it does not require heat compression. In any event, the side edges of the client's strip include such reinforcement.
outwardly and downwardly slanted side edges formed along the length of the lower portion of the strip;	This feature, as we understand its meaning, is met by the slanted surfaces of the undersurface of the edges of the client's device.
an upwardly extending groove formed on the central bottom part of the lower portion of the strip;	**This is a feature disclosed, for example, in Figure 30 in order to obtain the effect shown in Figures 31-33. It is not present in the client's product.**
an adhesive on the entire underside of the strip; and	This claim does not require that the adhesive be applied to the underside of a felt layer. In the client's device, the adhesive is applied to the underside of the strip.
the strip being spirally wrapped about the sleeve to define said grip, with the underside of adjoining recessed side edges overlapping one another to form a water retarding joint between the adjoining side edges,	The strip of the client's product is spirally wrapped about the sleeve in the same manner.
and the groove forming a spirally extending depression along the length of the exterior of the grip.	**As there is no groove in the client's product, there is no spirally extending depression.**

While the grounds for lack of literal infringement discussed above for claims 1, 6, 10 and 14 are not applicable to claim 21, there is no literal infringement of claim 21, as claim 21 requires an upwardly extending groove formed on the central

bottom part of the lower portion of the strip in order to form a spirally extending depression along the length of the exterior of the grip. Thus, there is no literal infringement of claim 21.

Doctrine of Equivalents

The classic test for infringement under the doctrine of equivalents is whether the accused subject matter performs substantially the same function in substantially the same way to produce or obtain the same results. The courts now usually determine whether or not equivalency exists on the basis of the "all elements" rule, meaning that for each element claimed, there must be an equivalent element in the accused device. Whether or not an element in an accused device is equivalent to a claimed element, is often determined on the basis of whether or not the differences between the two are "insubstantial" to one of ordinary skill in the art.

With respect to claims 17-21, all of these claims have an element which finds no equivalent in the client's device, i.e., the upwardly extending groove formed on the central underside of the strip. As there is no equivalent for this element and the difference, insofar as this element is concerned, is not insubstantial, we believe that it would be very unlikely that any of claims 17-21 would be found to be infringed by the client's product which has no such groove and nothing equivalent thereto. Because of the lack of such a groove, the grip of the present invention does not form substantially the same function as it does not have the depressions in the grip which allow for a better grip.

However, it is not so clear that there is no infringement by the doctrine of equivalents insofar as claims 1, 6, 10 and 14 are concerned. The only difference in the devices themselves is the presence on the client's device of a very thin layer of polyurethane at the bottom of the felt layer, which is an artifact of the dipping process used by the client as opposed to the coating process. If this layer provides some function which is not provided by the two layer strip of the '813 patent, then it would be easier to establish lack of infringement by the doctrine of equivalents. We would ask for your input as to whether or not the presence of this layer affects in any way the function which is performed by the grip, the way this function is performed, and the overall result. Unless we can establish some reasons why this trilogy is not met, then the court could well hold that there is infringement of the claims under the doctrine of equivalents despite lack of literal infringement.

There can be no doctrine of equivalents if there is prosecution history estoppel. Prosecution history estoppel occurs when the limitation which avoids literal infringement was added to a claim during prosecution in order to avoid a rejection. As you authorized, we have obtained a copy of the file history of the application which issued as the '813 patent. However, we note that that application was a continuation-in-part of application no. 08/787,828, which has now issued as patent 5,730,669 and a continuation-in-part of application no. 08/550,219 which is now issued as patent 5,695,418. The application which issued as the '669 patent is also a continuation-in-part of another application, no. 08/567,339. The application which issued as the '418 patent has a long history of continuations as it is a continuation of application no. 07/950,190, which was a continuation of application no. 07/890,383, which was a continuation of application no. 07/637,931. We have not yet obtained copies of the file histories of all of these additional applications. However, we do have a copy of the file history of the application no. 08/550,219, which issued as patent 5,695,418, as we obtained this for the purpose of another infringement analysis which we conducted for you earlier this year.

Reviewing only these two applications, we cannot find evidence of definite prosecution history estoppel. The application which issued as the '813 patent was allowed on a first action allowance without any prior art rejection. The examiner only required minor amendments to claim 14 in order to eliminate an informality noted by the examiner. Therefore, wee see nothing in this application that would create an estoppel. However, it is still possible that amendments or arguments were made during the prosecution in the applications which led up to that application, which could create a prosecution history estoppel. However, this is less likely in view of the fact that the present application is a CIP of two applications which have substantially different disclosures and substantially different claims, so that amendments made to avoid the prior art in one of those applications would not necessarily be necessary to avoid the prior art rejection in the application that issued as the '813 patent.

In our review of the parent application which issued as the '418 patent, we could not glean much information as our copy of the file did not include the file history of all of its parent applications, which were apparently maintained in the same file wrapper. Thus, we have not been able to follow the history of all of the changes to the claims. We will not be able to obtain and review all of these files prior to the deadline which you

we will immediately order all of these files.

CONCLUSION

For the reasons discussed above, it is our opinion that none of the claims of the '813 patent are literally infringed by the client's device. However, it is our conservative opinion that a court and/or a jury could hold that at least independent claims 1, 6, 10 and 14 of the '813 patent are infringed by the client's construction under the doctrine of equivalents. This opinion, however, is subject to further analysis of the issue of prosecution history estoppel if you so authorize.

As indicated above, this opinion is based on the assumption that the claims of the '813 patent are valid. We note that, at first glance, it would not appear that any of the claims of the '813 patent are supported by the disclosure of the application that issued as the '669 patent or the application that issued as the '418 patent. Thus, the claims have an effective filing date of 1997. Accordingly, any of the patentee's own products which were in public use or on sale in this country more than a year prior to March 21, 1997, are available as prior art. A strong case could be made that the claims of the '813 patent would have been obvious from knowledge of a combination of the device disclosed in the '418 patent and the device disclosed in the '669 patent. Nevertheless, even if claims 1-16 of the '813 patent were invalidated, one would still have to analyze the claims of the '418 and the '669 patents for possible infringement. Particularly with the '418 patent, a quick review would indicate that the same issues would be involved as have been discussed above.

Our debit note is attached to the confirmation copy of this report.

Sincerely,

Roger L. Browdy

RLB:al
Enclosure
F:\,D\dire\misc\huanginfringementstudy2.doc