

Practice Point

Acquiring patent search reports with no fear of wilful infringement under US patent law

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Patent search reports

In the era of knowledge economics, companies rely on patents to maintain their competitive positions in a market. Patents may be offensive or defensive, depending on whether companies are patentees or alleged infringers. To prepare for patent-based competition, companies need to collect patent information by looking for patent search reports.

Companies may obtain patent search reports for different purposes: (1) to help them to avoid innocently infringing others' patents; (2) to discover the boundary of the legal protection of competitors' patented technology or products; (3) to assist them in drafting a proper scope of claims for a patent application; (4) to value their own patents.

A company may produce a patent search report itself by using public databases to search prior patents or patent applications. Alternatively it may ask search companies to do so. Search companies that create such reports include Walsh IP, LLC,¹ QuickPatents, Inc.² and Cardinal Intellectual Property Inc. Relevant databases include those of the United States Patent and Trademark Office (USPTO),³ European Patent Office (EPO),⁴ World Intellectual Property Organization (WIPO) and Taiwan Intellectual Property Office (TIPO).⁵ A patent search report may cover prior publications other than patents or patent applications, such as academic publications which can be found in some academic journal databases.⁶ The format of a patent search report is not fixed. It may include the figures and abstracts of patents or patent applications. Alternatively, a company may learn patent information from an administrative report

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This article

- To make a business decision, a company may conduct a patent search to make sure that it will not infringe patents or that the technology under development will be patentable. Because a patent search may relate to technology development, a company must be aware of wilful infringement caused by acquiring a patent search report.
- Wilful infringement occurs when 'the infringer acted despite an objectively high likelihood that its actions constituted infringement of a valid patent.' If wilful infringement is established, courts may award treble damages to the patentee. By producing a patent search report, a company may be proved to learn an objectively high risk of patent infringement. Therefore it is necessary to analyse the risk of acquiring a patent search report and to figure out how to prepare a riskless report.
- This article discusses five types of patent search report and identifies how each type may lead to wilful infringement. Further, drawing from the case law, this article provides five points which help prepare a riskless report: (i) retaining a competent counsel; (ii) being honest to your opinion counsel; (iii) framing reasonable claim construction; (iv) providing a comprehensive analysis rather than conclusory statements; (v) focusing on prosecution history estoppels.

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1 Walsh IP, LLC., available at: <http://www.simplepatents.com/index.php?action1=main> (accessed 3 April 2015).

2 QuickPatents, Inc., available at: <http://www.dirtcheappatents.com/index.asp> (accessed 3 April 2015).

3 Patent Full-text Databases, available at: <http://patft.uspto.gov/> (accessed 3 April 2015).

4 Searching for Patents, available at: <http://www.epo.org/searching.html> (accessed 3 April 2015).

5 Taiwan Patent Search System, available at: <http://twpat7.tipo.gov.tw/tipotwoc/tipotwkm> (accessed 3 April 2015).

6 Eg, Washington University in St. Louis web page, available at: <http://library.wustl.edu/fulltext/ej/> (accessed 3 April 2015).

produced by a patent office which lists prior patents or applications related to the present application and is used for purposes of patent examination.⁷

A patent search report may cause a patent to be invalid or unenforceable under the law of inequitable conduct. For example, if a court finds that the applicant for the patent-in-suit hid relevant prior art during the patent prosecution which it intended not to disclose to the USPTO, the patent may be held unenforceable.⁸ On the other hand, a patent search report may cause an alleged infringer to be held liable as a wilful infringer or indirect infringer if the plaintiff proves that the alleged infringer knew the possibility of infringement through the patent search report.⁹

Potential risks of wilful infringement

Acquiring a patent search report may be risky, no matter whether a company is a patentee or alleged infringer. But what troubles a company as an alleged infringer greatly is wilful infringement since courts ‘may increase the damages up to three times the amount found or assessed’ when wilful infringement is found.¹⁰

‘Objective recklessness’ standard

In 2007 the Federal Circuit issued *In re Seagate Tech., LLC*,¹¹ which abrogated an affirmative duty imposed on an accused infringer to obtain a counsel opinion of non-infringement after a warning letter of patent infringement was received.¹² *Seagate* changes the previous wilful infringement inquiry which requires a duty of care and makes wilfulness more like negligence. The current inquiry, or the ‘objective recklessness’ standard, asks whether ‘the infringer acted despite an objectively high likelihood that its actions constituted infringement of a valid patent.’¹³ Drawing from the Supreme Court’s case law, the Federal Circuit concluded that ‘the term [reckless] is not self-defining.’¹⁴ It also recognized that ‘the civil law generally calls a person reckless who acts . . . in

the face of an unjustifiably high risk of harm that is either known or so obvious that it should be known.’¹⁵ Eventually, the Federal Circuit established a two-step inquiry. The first step requires a plaintiff to show ‘by clear and convincing evidence that the infringer acted despite an objectively high likelihood that its actions constituted infringement of a valid patent.’¹⁶ The second step asks whether ‘this objectively-defined risk (determined by the record developed in the infringement proceeding) was either known or so obvious that it should have been known to the accused infringer.’¹⁷ The context of ‘commerce’ may be considered when courts determine these two questions.¹⁸

The first inquiry of the ‘objective recklessness’ standard has been recognized by later Federal Circuit decisions as an objective prong that ‘tends not to be met where an accused infringer relies on a reasonable defence to a charge of infringement.’¹⁹ A reasonable defence may be based on either non-infringement or invalidity of the patent-in-suit.²⁰

Enhanced damages and patent search reports

While a finding of wilful infringement does not necessarily mandate enhanced damages,²¹ there is still a risk because ‘an award of enhanced damages requires a showing of wilful infringement.’²² The determination of enhanced damages relies on nine factors:

- (1) whether the infringer deliberately copied the ideas or design of another;
- (2) whether the infringer, when he knew of the other’s patent, investigated the patent and formed a good faith belief that it was invalid or that it was not infringed;
- (3) the infringer’s behaviour in the litigation;
- (4) the infringer’s size and financial condition;
- (5) the closeness of the case;
- (6) the duration of the misconduct;
- (7) the remedial action by the infringer;
- (8) the infringer’s motivation for harm; and
- (9) whether the infringer attempted to conceal its misconduct.²³

District courts enjoy discretion of weighing each factor.

7 See Shine Tu, ‘Patent Examiners and Litigation Outcomes’ (2014) 17 *Stan. Tech. L. Rev.* 507, 512–15.

8 See *Church & Dwight Co. v Abbott Labs.*, No. 05–2142 (GEB) (JJH), 2008 WL 2565548, at *2–*3 (D.N.J. 24 June 2009); Lisa A. Dolak, ‘Patent Office Contested Proceedings and the Duty of Candor’ (2014) 22 *J. Intell. Prop. L.* 1, 1–28.

9 See eg, Kristin M. Hagen, ‘Eyes Wide Shut: Induced Patent Infringement and the Willful Blindness Standard’ (2013) 17 *Marq. Intell. Prop. L. Rev.* 305, 306–13; Wendy Seltzer, ‘Software Patents and/or Software Development’ (2013) 78 *Brook. L. Rev.* 929, 960–2.

10 35 U.S.C. § 284; See Mark Liang and Brian Berliner, ‘Fee Shifting in Patent Litigation’ (2013) 18 *Va. J.L. & Tech.* 59, 85–6.

11 *In re Seagate Tech., LLC.*, 497 F.3d 1360 (Fed. Cir. 2007).

12 *Ibid.*, 1371 (Fed. Cir. 2007); Lynda J. Oswald, ‘The Evolving Role of Opinions of Counsel in Patent Infringement Cases’ (2012) 52 *IDEA* 1, 12–13.

13 *Seagate*, 497 F.3d 1360, 1371 (Fed. Cir. 2007).

14 *Ibid.*

15 *Ibid.*

16 *Ibid.*

17 *Ibid.*

19 See eg, *Spine Solutions, Inc. v Medtronic Sofamor Danek USA, Inc.*, 620 F.3d 1305, 1319–1320 (Fed. Cir. 2010); *Bard Peripheral Vascular, Inc. v W.L. Gore & Associates, Inc.*, 682 F.3d 1003, 1005–1006 (Fed. Cir. 2012).

20 *DePuy Spine, Inc. v Medtronic Sofamor Danek, Inc.*, 567 F.3d 1314, 1336–1337 (Fed. Cir. 2009), where the Federal Circuit found that while the defence of the lack of infringement under the Doctrine of Equivalents failed in the jury trial, the arguments were reasonable with respect to a finding of no willful infringement.

21 *Bard Peripheral Vascular, Inc. v W.L. Gore & Associates, Inc.*, 776 F.3d 837, 854 (Fed. Cir. 2015).

22 *Seagate*, 497 F.3d 1360, 1368, (Fed. Cir. 2007).

23 *Robert Bosch, LLC v Pylon Mfg. Corp.*, 719 F.3d 1305, 1327 (Fed. Cir. 2013) (Reyna, J., concurring-in-part and dissenting-in-part).

Among those nine factors, the first and second factors are more related to the risks of acquiring patent search reports. Regarding the first factor, a company may rely on a patent search report to decide to copy a competitor's product by designing around the patents related to the product.²⁴ However, the design-around may be held to infringe the asserted patent. Regarding the second factor, a patent search report may include analyses of invalidity or non-infringement. A company can base its good faith belief on such patent search report. So, while deliberately choosing to 'infringe' the patents, the company will not be held to be a wilful infringer.

America Invents Act § 17

The Leahy-Smith America Invents Act ('AIA') was signed by President Obama on 16 September 2011.²⁵ Section 17 of the AIA creates 35 U.S.C. § 298 which provides, 'The failure of an infringer to obtain the advice of counsel with respect to any allegedly infringed patent, or the failure of the infringer to present such advice to the court or jury, may not be used to prove that the accused infringer wilfully infringed the patent or that the infringer intended to induce infringement of the patent.' Thus § 298 affirms *Seagate*. When accused of patent infringement, a company is not required to acquire the advice of counsel of non-infringement or invalidity to avoid from being liable as a wilful infringer. Such failure even should be excluded from evidence opposing the company in litigation. But 'the protection granted by 35 U.S.C. § 298 dissolves in the event defendants "open the door" by attempting to refute a claim of wilful infringement by implying that they relied on the advice of counsel.'²⁶ It is thus important to produce a well-grounded opinion; otherwise when a company uses a council opinion of non-infringement or invalidity to support its good faith, the flaws of the opinion may still lead to enhanced damages.

Risk analysis

The case law does not indicate who might be the right person to judge recklessness objectively. If a company wants to make a decision based on a patent search report, it is reasonable to invite a technical person to participate. Such technical person must understand the company's technology. From a technical perspective, such person may identify the similarity between a patent listed in the patent search report and company's technology. Such technical person may further provide an 'objective' evalu-

ation of the risk of patent infringement. A company may alternatively hire a patent attorney to analyse the prior patents and to write a non-infringement opinion letter, on which basis wilfulness might not be found.

Because the scheme surrounding patent-infringing acts is established later in litigation by a patentee, some possible risks should be noted. For further discussions about the risks and ways to avoid the risks, patent search reports are categorized into five types. Let assume Company A is accused of patent infringement. During the litigation proceeding, several types of patent search report are discovered as evidence. How do these patent search reports relate to the determination of wilful infringement?

Patent search reports for R&D purposes

The first type of patent search report ('Type I report') is used for R&D purposes. The purposes include (1) understanding the trend of contemporary technology or emerging technology; (2) preventing possible infringement of others' patents; (3) choosing unexplored R&D topics. A Type I report may become relevant to the future product plan of a company, or may cause the company to abandon the plan because of the concerns of potential infringement or reduced competitiveness when measured against what was planned for the R&D project.

Before Company A initiates a R&D project, it can use a Type I report to evaluate its technology roadmap. The Type I report is very important for decision making.²⁷ The cost of the R&D for new products or improved/upgraded products is high and may not be recouped because of the uncertainty of the future market or competition. That is, although Company A's R&D is objectively breaking through, the products of the R&D could be wasteful if the market does not accept them. In contrast, if the products are successful and earn considerable revenue, Company A may still face problems concerning patent litigation. Either competitors or 'patent trolls' may come to 'share' the revenue by bring a patent infringement lawsuit. Therefore a Type I report is usually adopted as a preventive measure. Acquiring a Type I report is crucial, so that the investment will not be wasted and can be free from patent infringement. If Company A determines the risk of future patent infringement, the R&D project may simply stop.

A Type I report helps reduce the risk of patent infringement when Company A plans to conduct a R&D project. Company A can use a Type I report to get away from wilful infringement if the Type I report results in its decision to stop the project. Such a decision-making

24 Sean B. Seymore, 'Foresight Bias in Patent Law' (2015) 90 Notre Dame L. Rev. 1105, 1145-1146, 1153.

25 Sona Karakashian, 'A Software Patent War: The Effects of Patent Trolls on Startup Companies, Innovation, and Entrepreneurship' (2015) 11 Hastings Bus. L.J. 119, 122-3.

26 *Ultratec, Inc. v Sorenson Commc'ns, Inc.*, No. 13cv346, 2014 WL 4976596, *2 (W.D. Wis. 3 October 2014).

27 See Benjamin N. Roin, 'The Case for Tailoring Patent Awards Based on Time-to-Market' (2014) 61 UCLA L. Rev. 672, 704-46.

process may support the fact that the company intentionally avoids patent infringement.

Company A may however decide to continue the R&D project no matter what is shown in the Type I report. That will be risky. If the Type I report covers a patent which, in view of technical persons, may cause a potential concern of patent infringement, the Type I report could be evidence of objective recklessness of Company A. The drawings in the patent may look apparently like the accused products. Alternatively, the words used for describing the elements of one claim may be understood easily by a technical person without patent law knowledge, so such technical person can recognize the possibly infringing products as potentially being covered by such claim without going through a formal procedure of claim interpretation. Both situations may trigger Company A's duty to carry out further investigation. That is, at the R&D planning stage, Company A has to acquire a competent legal opinion from a patent law practitioner for such patent. This opinion should address at least the issues related to invalidity or unenforceability. If not, the lack of further investigation may cause Company A to 'wilfully infringe' the patent since the risk of infringement is so obvious. It is highly possible that in such a situation the courts will award enhanced damages.²⁸

Patent search reports for benchmarking purposes

A patent research report may be made for benchmarking purposes ('Type II report'). A Type II report primarily provides the comparison of the legal protection of different companies' technologies. A benchmarking report usually shows a table with a top row of competitors' names and a left-side column of different technological criteria. The table may show a comparison of each criterion different competitors may offer. For instance, in the automobile industry, the criteria for the comparison could include speed, fuel-consuming efficiency, waste gas emission control and computerized functions.²⁹ A benchmarking report for automobile technology may include a table comparing those criteria and describing the technology for each criterion. A patent research report for benchmarking purposes further includes patent information related to each criterion, such as the number of each company's patents covering that criterion and a description of each patent.

Company A can use a Type II report to determine the scope or strength of the technology used for meeting those criteria. The patent information relating to each

criterion can show how the technology is carried out. For example, a patent relating to an apparatus may describe the structure of the apparatus, materials used for building the apparatus and necessary components.

A Type II report may be used merely for technical reference where business decisions, such as R&D projects or technology acquisition, may not be based on it. In contrast, a Type II report may be made specifically for a R&D plan because Company A wants to develop certain technology that is more efficient or better than the one it uses currently.³⁰ The prospective technology is expected to meet some criteria offered currently by other competitors. Thus a Type II report may have functions similar to those that a Type I report might possess if the Type II report were eventually to be used for R&D purposes.

A Type II report may only inform a framework of the legal protection of competitors' technology. It may further contain an evaluation of whether to enter into either the market of specific products or the field of technology. If Company A does not rely on such information to develop similar technology, this sort of Type II report may not cause problems. However, if Company A decides to study a similar technology, a Type II report may indicate that Company A intends to bear a high risk of patent infringement and takes actions to manufacture the potentially infringing products or to develop accused potentially infringing technology. Wilfulness may be established. How serious the situation is will depend on how much the defendant's technology resembles the patent-in-suit found through a Type II report. The more the patent-in-suit looks literally similar to the accused technology, the more likely it is that there will be a high risk of patent infringement. The factors for evaluating similarity include drawings and claim terms of the patent-in-suit and the degree of the technical relationship between the patent-in-suit and the targeted technology. The degree of ambiguity of claim terms and the clearness of the specification may be additional considerations of judgment.

Patent search reports for litigation purposes

A patent search report may be used for litigation purposes ('Type III report') in two ways. First, Company A can use the prior art information in a Type III report to invalidate a patent-in-suit before the court. The information includes all relevant patents, patent applications and other technical publications before the effective filing date of the patent-in-suit. The mission is simple:

28 *Carnegie Mellon Univ. v Marvell Tech. Group, Ltd.*, No. 09–290, 2014 WL 1320154, at *10–*13 (W.D. Pa. 31 March 2014).

29 Eg, Carlson et al, 'Benchmarking Advanced Technology Vehicles' available at: <http://www.transportation.anl.gov/pdfs/HV/538.pdf> (accessed 5 April 2015); Henning Lohse-Busch, 'Advanced Technology Vehicle Lab

Benchmarking—Level 1' available at: http://energy.gov/sites/prod/files/2014/03/f13/vss030_lohsebusch_2013_o.pdf (accessed 5 April 2015).

30 *SynQor, Inc. v Artesyn Techs., Inc.*, No. 2:07–CV–497–TJW–CE, 2011 WL 3624957, at *5–*8 (E.D. Tex. 17 August 2011).

find prior publications which make the patent-in-suit not new or merely obvious. Secondly, the invalidity challenge may proceed in the USPTO. Proving invalidity of a patent-in-suit in litigation requires Company A to meet a ‘clear-and-convincing’ standard which is a higher bar than a standard applied by the USPTO. However, filing a post-grant review or *inter partes* review in the USPTO may be a better alternative to invalidate a patent-in-suit.³¹ Proof of invalidity is based on a ‘preponderance of evidence’ standard which is lower than the clear-and-convincing standard.³² In these proceedings, the USPTO may interpret a claim by giving it its broadest scope.³³ Company A may therefore define the broadest scope of a patent claim in a Type III report and try to find more relevant prior art. A Type III report may further analyze the invalidity of the patent-in-suit and bring the arguments into a post-grant review or *inter partes* review. If the USPTO is persuaded to find that the claims violate the novelty (35 U.S.C. § 102) or obviousness (35 U.S.C. § 103) requirements, the patentee may be forced to amend the claims to ‘cure’ the flaws of the patent-in-suit. The patentee may then either narrow the claims to save the patent-in-suit from being invalidated or may petition to the Federal Circuit Court to argue for the validity of the original claims. In either case, Company A can establish its belief that the patent-in-suit should have been invalid when the accused technology was implemented.

Although a Type III report might save Company A from being liable as a wilful infringer, it might also create a risk of wilful infringement for future litigation. If the infringed patent is Patent X and the invalidating patent is Patent Y, in the litigation relating to Patent X, Company A may admit infringement of Patent X but argue for the invalidity of Patent X in view of Patent Y. This admission may be evidence of wilful infringement of Patent Y because using Patent Y to invalidate Patent X may indicate that Patent Y resembles Patent X. Especially, when the invalidity is based on the novelty requirement, Patent Y may cover the allegedly infringing technology of Company A.

Patent search reports for transaction purposes

A patent search report may be made for transaction purposes (‘Type IV report’). Company A, wishing to sell its

invention to other company, may produce a Type IV report to demonstrate the novelty or non-obviousness of the invention in order to get more attention from the buyer company.³⁴ When a patent is being transacted, the contracting parties may rely on a Type IV report to evaluate the value of such patent.³⁵ If a Type IV report shows that killer prior art exists, the patent’s value will become zero because the patent may be easily invalidated by that prior art. However, if the report shows that few invalidity-related publications exist, the value may be higher than the proposed price because the strength of the patent is confirmed.

The risk analysis of acquiring a Type IV report may be viewed under two scenarios. First, if the subject matter for transaction is a patent only without any product involved, a Type IV report is irrelevant to the issue of wilful infringement because the report is not related to the development of the allegedly infringing technology. However, if a Type IV report shows prior patents that may anticipate the transacted patent and if such transacted patent is purchased for protecting that technology in the market, the Type IV report may cause Company A to know that it may have infringed those prior patents. Then wilful infringement may be established with respect to those prior patents.

Patent search reports for patent-filing purposes

A patent research report may be made for patent-filing purposes (‘Type V report’). It is used for determining whether to file a patent application for an invention or for drafting a claim with a patentable scope.³⁶ Draft claims for the invention may exist before or after a Type V report is produced. Because the USPTO relies on various kinds of publications to examine patent applications, a Type V report may cover documents beyond issued patents or published patent applications. If a Type V report shows some prior publications which might anticipate the invention, the patent application may not be filed. On the other hand, if a Type V report finds no killer prior art, the patent application may be filed.

If a patent application is merely a ‘paper’ idea which has nothing to do with Company A’s current or future technology, a Type V report will not cause Company A to be a wilful infringer. But, that is always not the case.

31 Sara Rose Bennett and Jonathan R. K. Stroud, ‘Unpatentability by Design: The Overlooked Use of *Inter Partes* and Post-Grant Review to Challenge Design Patents’ (2015) 97 J. Pat. & Trademark Off. Soc’y 96, 101–2.

32 Ron Andrew Sassano, ‘The Rise and Fall of Patent Reexamination under the America Invents Act: The Burdens and Unconstitutional Aspects of Congress’s Latest Attempt at Patent Reform’ (2013) 21 J. Intell. Prop. L. 165, 180.

33 *In re Cuozzo Speed Techs., LLC.*, 778 F.3d 1271, 1278–1282 (Fed. Cir. 2015).

34 *Stuarta v Spademan*, 772 F.2d 1185, 1188 (5th Cir. 1985) (‘Whitaker wrote to Spademan in care of SRS, enclosing a patent search report and a working model of the modified binding, to solicit interest in the modification.’).

35 Ronald V. Simmer, ‘The Patent Searcher’s Dilemma: Where is the Value?’ available at: <http://patex.ca/pdf/publications/Patent%20Searchers%20Dilemma%20FPTT.pdf> (accessed 9 April 2015).

36 Diane H. Crawley, ‘America Invents Act: Promoting Progress or Spurring Secrecy?’ (2014) 36 U. Haw. L. Rev. 1, 8–9 (‘Thus, our inventor could potentially file for a patent and have her application published eighteen months after filing, only to have the patent application rejected on the basis of a prior use or sale somewhere in the world which her patent search failed to uncover.’).

Companies usually file patent applications in order to protect their products from being copied by competitors. Company A's patent application is a reflection of its present or forthcoming technology. Therefore, the risk of wilful infringement will arise with regard to any prior patents found by a Type V report.

If a prior patent covered by a Type V report relates only to the issue of obviousness, it is not identical to the accused technology. The risk of wilful infringement may be low because the prior patent may not cover the allegedly infringing technology. However, if a Type V report show a prior patent which may anticipate that technology, wilful infringement is more likely to be established. 'Anticipation' means that the prior patent covers the invention or that its content is the same as, or similar to, the invention, in which case the invention may infringe the earlier patent. When the invention relates to the current products or technology of Company A, holding such a Type V report may indicate Company A's awareness of possible infringement of such prior patent. Ignorance of that risk may constitute Company A's objective recklessness.

Preparing risk-free patent search reports

The above analysis shows that any kind of patent search report may lead to wilful infringement if the development of accused subsequent technology relies on the patent information disclosed in the report. The best way to minimize the possibility of wilful infringement is to add a sound non-infringement or invalidity analysis to a problematic patent. A patent search report must be transformed into a counsel's opinion if technology development is to rely on the report.

The Federal Circuit has recognized a counsel opinion as 'an objective assessment for making informed business decisions.'³⁷ Such an opinion must be a 'competent legal opinion of non-infringement or invalidity',³⁸ so 'due care' can be established before 'any potentially infringing activity' is carried out.³⁹ Although an alleged infringer has no duty to acquire a counsel opinion, a competent counsel opinion is helpful for defending against wilful infringement.⁴⁰ This is because a counsel opinion of non-infringement or invalidity would not support a finding of 'objective recklessness'. To determine

'competency', six factors can be considered: '(1) whether counsel examined the patent file history; (2) whether the opinions were oral or written; (3) the objectivity of the opinions; (4) whether the attorneys rendering the opinions were patent lawyers; (5) whether the opinions were detailed or merely conclusory; and (6) whether material information was withheld from the attorney.'⁴¹ The following discussion further focuses on how to prepare a riskless patent search report.

Retaining competent counsel

Patentability and infringement issues are often technologically complex.⁴² An opinion counsel is required to have not only a licence to practice law but also to possess pertinent knowledge of the technology in dispute.⁴³ With technological competency, the counsel can offer qualified factual findings.

Being honest to your opinion counsel

A company should not hide from an opinion counsel any information relating to the technology development. For example, if the technology under development comes from an idea learned through another company's technology, that information should be disclosed to the opinion counsel. So, when the counsel performs patent search and analysis, she can cover the data related to such other company. Otherwise the acquisition of such counsel opinion may be considered as evidence proving the knowledge of patent infringement.⁴⁴

Framing reasonable claim construction

Carefully framing a claim scope of the patent-in-suit may avoid a finding of literal infringement. Literal infringement, a basic form of patent infringement under 35 U.S.C. § 271, requires that 'each and every element of the asserted claim' must be 'identified in the accused product.'⁴⁵

Elements of the asserted claim must be construed first before the infringement analysis begins. The tools of claim construction can be categorized into intrinsic evidence and extrinsic evidence.⁴⁶ Intrinsic evidence includes claims, specification and prosecution history record,⁴⁷ while extrinsic evidence covers 'expert and inventor testimony, dictionaries, and learned treatises.'⁴⁸

37 *Seagate*, 497 F.3d 1360, 1373 (Fed. Cir. 2007).

38 *Ibid.*

39 *Ibid.*

40 *Mahurkar v C.R. Bard, Inc.*, 79 F.3d 1572, 1579 (Fed. Cir. 1996) ('With the focus on an infringer's mental state, good faith reliance on the competent advice of counsel constitutes a defense to willfulness').

41 *Chiron Corp. v Genentech, Inc.*, 268 F. Supp. 2d 1117, 1121 (E.D. Cal. 2002).

42 *Centricut, LLC v Esab Group, Inc.*, 390 F.3d 1361, 1369-1370 (Fed. Cir. 2004).

43 *Sundance, Inc. v DeMonte Fabricating Ltd*, 550 F.3d 1356, 1360-1364 (Fed. Cir. 2008).

44 *Global-Tech Appliances, Inc. v SEB S.A.*, 131 S. Ct. 2060, 2071-2072 (2011).

45 John C. Evans, 'Addressing Default Trends in Patent-Based Section 337 Proceedings in the United States International Trade Commission' (2008) 106 Mich. L. Rev. 745, 765.

46 *Phillips v AWH Corp.*, 415 F.3d 1303, 1317 (Fed. Cir. 2005).

47 *Ibid.*

48 *Ibid.*

A 'patent' is a document composed of claims and specification. Claims define the scope of legal protection, while the specification helps understand the scope.⁴⁹ Although in general one gives a claim term its ordinary and customary meaning, it is permissible to use the specification and prosecution history to frame a limited version of the claim term. This sort of limited interpretation may be disapproved by the court in later litigation, but it will not bar the same court from holding no wilful infringement because the belief of non-infringement or invalidity is based on a reasonable claim construction.⁵⁰

Providing a comprehensive analysis rather than conclusory statements

A counsel opinion may be incompetent because it contains 'merely conclusory statements without discussion of facts or obviously presenting only a superficial or off-the-cuff analysis.'⁵¹ To provide a comprehensive analysis, an opinion writer needs to read technical documents of the allegedly infringing technology as well as the specification and prosecution history of the patent in question.⁵² Therefore, her opinion of non-infringement or invalidity can be competent.

Focusing on prosecution history estoppel

A counsel opinion may focus on prosecution history estoppel to limit the application of the doctrine of equivalents (DOE) that is another form of patent infringement.⁵³ The DOE 'allows the patentee to claim those insubstantial alterations that were not captured in drafting the original patent claim but which could be created through trivial changes'⁵⁴ and can broaden the literal scope of a claim to cover the allegedly infringing technology even though it is 'literally' different from the claim with respect to one

element of the claim. The DOE is satisfied when the allegedly infringing technology 'performs substantially the same function in substantially the same way with substantially the same result as' the claim regarding some asserted element.⁵⁵

The DOE is not absolute. It is limited by prosecution history estoppel (PHE), which may be triggered by claim amendment or by the patentee's arguments during the prosecution.⁵⁶ The prosecution history record may show that the patentee amended or explained some elements of the claim to overcome the examiner's rejections. PHE will stop the patentee asserting the DOE regarding those elements and may also limit the protection to the literal scope of a claim. Therefore, when analyzing claims, an opinion writer must investigate the prosecution history of the patent. Non-infringement analysis may thus use the patentee's words against the patentee.

Risk and the need to monitor

A patent search report may demonstrate that a company performs wilful infringement because it may indicate a high risk of infringing a valid patent. The indication may prove that the company acts recklessly to infringe the valid patent. The risk is quite obvious when such a report is presently or later related to the development of an allegedly infringing technology. A company should objectively evaluate whether the patents listed in a patent search report create a high possibility of the knowledge of infringement. When a company is producing a patent search report, some strict monitoring actions, such as introducing technical persons to help factual analysis, retaining a competent patent attorney to write an opinion of invalidity or non-infringement, should be implanted to reduce the risk.

49 Ibid.

50 *Cohesive Techs., Inc. v Waters Corp.*, 543 F.3d 1351 (Fed. Cir. 2008).

51 *Read Corp. v Portec, Inc.*, 970 F.2d 816, 828 (Fed. Cir. 1992).

52 Eg, *Datascope Corp. v SMEC, Inc.*, 879 F.2d 820, 828 (Fed. Cir. 1989); *Golden Blount, Inc. v Robert H. Peterson Co.*, 438 F.3d 1354, 1369-1370 (Fed. Cir. 2006); *nCube Corp. v Seachange Int'l, Inc.*, 436 F.3d 1317, 1324 (Fed. Cir. 2006).

53 Evans, 'Addressing Default Trends', 745, 765.

54 *Festo Corp. v Shoketsu Kinzoku Kogyo Kabushiki Co.*, 535 U.S. 722, 733 (2002).

55 *Crown Packaging Tech., Inc. v Rexam Beverage Can Co.*, 559 F.3d 1308, 1312 (Fed. Cir. 2009).

56 See Marc D. Sharp, 'Festo X: The Complete Bar by Another Name?' (2004) 19 Berkeley Tech. L.J. 111, 113.