

Intellectual Property Counseling and Litigation

HORWITZ·HORWITZ
GENERAL EDITORS



LexisNexis

012

INTELLECTUAL PROPERTY COUNSELING AND LITIGATION

VOLUME 4

LESTER HORWITZ

ETHAN HORWITZ

General Editors

2011



QUESTIONS ABOUT THIS PUBLICATION?

For questions about the **Editorial Content** appearing in these volumes or reprint permission, please call:

Valri Nesbit, J.D. at 1-800-424-0651 (ext. 3343)

Email: Valri.nesbit@lexisnexis.com

Neil Myers, J.D. at 1-800-424-0651 (ext. 3247)

Email: Neil.myers@lexisnexis.com

For assistance with replacement pages, shipments, billing or other customer service matters, please call:

Customer Services Department at (800) 833-9844

Outside the United States and Canada, please call (518) 487-3000

Fax Number (518) 487-3584

Customer Service Website <http://www.lexisnexis.com/custserv/>

For information on other Matthew Bender publications, please call

Your account manager (800) 223-1940

Or, if outside the United States and Canada (518) 487-3000

Library of Congress Card Number: 88-070318

ISBN: 978-0-8205-1331-7

Cite this publication as:

Lester Horwitz, Ethan Horwitz, General Editors, Intellectual Property Counseling and Litigation, Ch. no., Title, § (Matthew Bender)

Example:

Lester Horwitz, Ethan Horwitz, General Editors, Intellectual Property Counseling and Litigation, Ch. 1, Defensive Measures Against Counterfeiting, § 1.01 (Matthew Bender)

Because the section you are citing may be revised in a later release, you may wish to photocopy or print out the section for convenient future reference.

This publication is designed to provide accurate and authoritative information in regard to the subject matter covered. It is sold with the understanding that the publisher is not engaged in rendering legal, accounting, or other professional services. If legal advice or other expert assistance is required, the services of a competent professional should be sought.

LexisNexis and the Knowledge Burst logo are registered trademarks and Michie is a trademark of Reed Elsevier Properties Inc., used under license. Matthew Bender and the Matthew Bender Flame Design are registered trademarks of Matthew Bender Properties Inc.

Copyright © 2011 Matthew Bender & Company, Inc., a member of the LexisNexis Group.
All Rights Reserved.

No copyright is claimed in the text of statutes, regulations, and excerpts from court opinions quoted within this work. Permission to copy material exceeding fair use, 17 U.S.C. § 107, may be licensed for a fee of 25¢ per page per copy from the Copyright Clearance Center, 222 Rosewood Drive, Danvers, Mass. 01923, telephone (978) 750-8400.

Editorial Offices
121 Chanlon Rd., New Providence, NJ 07974 (908) 464-6800
201 Mission St., San Francisco, CA 94105-1831 (415) 908-3200
www.lexisnexis.com

MATTHEW  BENDER

Volume 4 Table of Contents

A COMPLETE SYNOPSIS FOR EACH CHAPTER APPEARS AT
THE BEGINNING OF THE CHAPTER

A COMPLETE SYNOPSIS FOR EACH CHAPTER APPEARS AT THE BEGINNING OF THE
CHAPTER.

D: Role of Council (Continued)

46 LEGAL OPINIONS IN INTELLECTUAL PROPERTY MATTERS

Amy Benjamin

46.01	What Is A Legal Opinion?
46.02	What Is The Attorney's Duty When Giving An Opinion?
46.03	Main Components Of A Legal Opinion Letter
46.04	Intellectual Property Related Opinions
46.05	Other Opinions Related to Intellectual Property
46.06	Conclusion
Appendix 46A	Sample Preliminary Trademark Opinion Letter
Appendix 46B	Sample Response to Auditor's Request

CHAPTERS 47-49 RESERVED

III -LITIGATING THE INTELLECTUAL PROPERTY CASE

A: Evaluating and Resolving the Controversy Before Trial

50 RISK EVALUATION IN INTELLECTUAL PROPERTY LITIGATION

Marc B. Victor

50.01	Introduction
50.02	Structuring the Problem
50.03	Describing Subjective Judgments with Probabilities
50.04	Calculating the Case Value
50.05	Exploring "What if &?" to Improve Case Strategy
50.06	Conclusion
Appendix 50A	Decision Trees Display Possible Results of Major Uncertainties
Appendix 50B	Decision Trees Should Mirror Thought Process by Showing Factors that Will Influence Outcome
Appendix 50C	Realistic Evaluation Requires Identifying All Possible Reasons for Each Possible Outcome

Volume 4 Table of Contents

Appendix 50D	Qualitative Expressions of Probability Make Decision Making Difficult
Appendix 50E	Visual Reference Makes Assessing Probabilities Easier
Appendix 50F	Probabilities Allow Logical Conclusions on Complex Issues
Appendix 50G	Probabilities are Instrumental to Calculating Case Value
Appendix 50H	Histogram Portrays Full Risks, Allowing Informed Management Decisions

51 SETTLEMENT TECHNIQUES

Miles J. Alexander

51.01	Introduction
51.02	Separating the Litigation and Settlement Roles
51.03	Preparing for Settlement
51.04	Preparing the Client for Settlement
51.05	Timing of Settlement Overtures
51.06	Types of Settlement Overtures
51.07	Conducting Settlement Negotiations
51.08	The Written Settlement Agreement
51.09	Alternative Dispute Resolution
Appendix 51A	Sample Confidentiality Agreement
Appendix 51B	Sample Settlement Agreement

52 COUNSEL'S OPINION AS A DEFENSE TO WILLFUL INFRINGEMENT

Robert C. Kline

52.01	Introduction
52.02	Prima Facie Willfulness-The Knowledge Requirement
52.03	The Opinion of Counsel Defense
52.04	The Impact of Producing Opinion Evidence
52.05	Conclusions
Appendix 52A	Checklist of Willfulness Issues
Appendix 52B	35 U.S.C. § 284 and § 285
Appendix 52C	Federal Rule of Civil Procedure 42(b)
Appendix 52D	Federal Rule of Civil Procedure 26(c)-(d)
Appendix 52E	Sample Motion to Bifurcate Issues of Liability and Damages and Stay Discovery
Appendix 52F	<i>In re Lubrizol/Exxon Controversy</i> (Unpublished Decision)
Appendix 52G	Sample Jury Instructions on Willful Infringement and Reliance on Advice of Counsel

Volume 4 Table of Contents

53

ALTERNATIVE DISPUTE RESOLUTION

Ralph A. Loren

- 53.01 Introduction
- 53.02 What is Alternative Dispute Resolution (ADR)?
- 53.03 How to Reach ADR Rather than Trial?
- 53.04 Adjudication-type ADR
- 53.05 Mediations-Type ADR
- 53.06 Hybrid Mediation/Arbitration
- 53.07 When to Use Each Type of ADR
- 53.08 Failure to Suggest ADR May Constitute Malpractice
- 53.09 Domain Name Disputes
- 53.10 The Adjudication of Royalty Rates for Compulsory Licenses under The Copyright Act
- 53.11 Mediated Settlements in Intellectual Property Litigation
- 53.12 Conclusion
- Appendix 53A Sample Resolution of Disputes Clause
- Appendix 53B Sample Mediation/Arbitration Clause
- Appendix 53C Sample Offer to use ADR
- Appendix 53D Commercial Mediation Rules
- Appendix 53E Commercial Arbitration Rules
- Appendix 53F Patent Arbitration Rules
- Appendix 53G Selected Federal Rules of Civil Procedure
- Appendix 53H Federal Rule of Evidence 706
- Appendix 53I Mini-Trial Agreement
- Appendix 53J Uniform Domain Name Dispute Resolution Policy
- Appendix 53K Rules for Uniform Domain Name Dispute Resolution Policy

55

JURISDICTION AND VENUE ISSUES OF CONCERN IN INTELLECTUAL PROPERTY LITIGATION

Douglas J. Edmonds, Randall A. Hillson, & David K. Tellekson

- 55.01 Subject Matter Jurisdiction
- 55.02 Personal Jurisdiction and Service
- 55.03 Venue
- 55.04 Appellate Jurisdiction
- Appendix 55A Statutory Provisions
- Appendix 55B Federal Rules of Civil Procedure 4, 17 and 23
- Appendix 56 CHECKLIST OF PATENT CAUSES OF ACTION AND DEFENSES (WITH SAMPLE PLEADINGS)

Kenneth R. Adamo

- 56.01 Introduction

Volume 4 Table of Contents

56.02	Pre-Filing Investigation
56.03	The Basic Rules of Pleading Under the Federal Rules of Civil Procedure
56.04	Complaint for Patent Infringement-Basic Considerations of Form and Style
56.05	Complaint for Declaratory Judgment-Basic Considerations of Form and Style
56.06	The Elements of a Complaint for Patent Infringement
56.07	The Elements of a Complaint for Declaratory Judgment of Noninfringement, Invalidity and/or Unenforceability
56.08	Answer; Affirmative Defenses; Counterclaims; Reply, with Respect to Patent Infringement Complaint
56.09	Answer; Affirmative Defenses; Counterclaim; Reply to a Declaratory Judgment, Complaint for Invalidity, Noninfringement and/or Unenforceability
Appendix 56A	Sample Patent Infringement Complaint A
Appendix 56B	Sample Answer to Patent Infringement Complaint A
Appendix 56C	Sample Patent Infringement Complaint B
Appendix 56D	Sample Answer and Counterclaim to Complaint B
Appendix 56E	Sample Reply to Counterclaim in Answer to Complaint B
Appendix 56F	Sample Patent Infringement Complaint C
Appendix 56G	Sample Answer and Counterclaim to Complaint C
Appendix 56H	Sample Reply to Counterclaim in Answer and Counterclaim to Complaint C
Appendix 56I	Sample Declaratory Judgment Complaint
Appendix 56J	Sample Answer and Counterclaim to Declaratory Judgment Complaint
Appendix 56K	Sample Reply to Counterclaim in Answer and Counterclaim to Declaratory Judgment Complaint
Appendix 56L	Sample Declaratory Judgment Complaint

CHAPTER 57 CHECKLIST OF TRADEMARK-RELATED CAUSES OF ACTION AND DEFENSES, INCLUDING SAMPLE PLEADINGS

Bruce P. Keller & David H. Bernstein

§ 57.01	Introduction: Overview of Statutory and Common Law Sources of Trademark and Service Mark Protection
§ 57.02	Trademark Infringement
§ 57.03	Trademark Dilution
§ 57.04	Cyberpiracy
§ 57.05	State Unfair and Deceptive Acts and Practices Statutes
§ 57.06	Common Law Unfair Competition Claims
§ 57.07	Right of Publicity
Appendix 57A	Model Federal Complaint
Appendix 57B	Model Federal Answer

Volume 4 Table of Contents

Appendix 57C	State Trademark, Counterfeiting and Antidilution Statutes
Appendix 57D	State Unfair and Deceptive Acts and Practices Statutes
Appendix 57E	State Right of Publicity Statutes

CHAPTER 58 CHECKLIST OF TRADE SECRET CAUSES OF ACTION AND DEFENSES, INCLUDING SAMPLE PLEADINGS

Melvin C. Garner

§ 58.01	Introduction to Theories of Recovery and Defense
§ 58.02	Form of Complaint
§ 58.03	Common Law Definitions of Trade Secret and Misappropriation
§ 58.04	Statutory Definitions of Trade Secret and Misappropriation
§ 58.05	Secrecy of the Information
§ 58.06	Special Problems of Computer Programs
§ 58.07	How the Secret Information Was Obtained by Another
§ 58.08	Duty Not to Use or Disclose the Secret
§ 58.09	Antitrust Considerations
§ 58.10	Jurisdiction and Venue
§ 58.11	Remedies
§ 58.12	Motions to Dismiss and for Summary Judgment
§ 58.13	Answers and Affirmative Defenses
§ 58.14	Maintaining Trade Secrets During Discovery & Trial
Appendix 58A	Checklists

CHAPTER 59 CHECKLISTS OF COPYRIGHT CAUSES OF ACTION AND DEFENSES, INCLUDING SAMPLE PLEADINGS

§ 59.01	Federal Causes of Action Asserted by a Copyright Owner, Licensor, Assignor
§ 59.02	Preemption of State Causes of Action
§ 59.03	State Causes of Action Asserted by a Copyright Owner, Licensor or Assignor
§ 59.04	Special Defense Available to Copyright Owner
§ 59.05	California Resale Royalties Act
§ 59.06	Procedural Defenses Available to Defendant
§ 59.07	Defendant's Negative Defenses
§ 59.08	Defendant's Affirmative Defenses
§ 59.09	Counterclaims and Crossclaims Asserted by Defendant
§ 59.10	Motions for Sanctions
§ 59.11	Bankruptcy
§ 59.12	Standard of Review on Appeal
§ 59.13	Questions of Fact or Law
Appendix 59A	Table of Issues in Copyright Cases: Questions of Fact/Law

Volume 4 Table of Contents

Appendix 59B	Complaint for Copyright Infringement, Unfair Competition and Libel
Appendix 59C	Answer to Complaint in Appendix 59B
Appendix 59D	Complaint for Infringement of Copyright, Misappropriation, Unfair Competition and Unfair Trade Practices and Request for Temporary Restraining Order
Appendix 59E	Answer to Complaint in Appendix 59D
Appendix 59F	Complaint and Jury Demand
Appendix 59G	Answer to Complaint in Appendix 59F and Counterclaim for Unfair Competition and Damages
Appendix 59H	Verified Complaint for Copyright Infringement and Unfair Competition
Appendix 59I	<i>Ex Parte</i> Application for T.R.O.
Appendix 59J	Affidavit of Plaintiff's Counsel
Appendix 59K	Order Granting <i>Ex Parte</i> Relief
Appendix 59L	California Art Preservation Act
Appendix 59M	Connecticut Consignment of Fine Art Act
Appendix 59N	Illinois Consignment of Fine Art Act
Appendix 59O	Louisiana's Artists' Authorship Rights Act
Appendix 59P	Maine's Preservation of Works of Art
Appendix 59Q	Massachusetts' Protection of Fine Art
Appendix 59R	New Jersey's Artists' Rights Act
Appendix 59S	New Mexico Artists' Consignment Act
Appendix 59T	New York Artist's Authorship Rights Act
Appendix 59U	Rhode Island's Artists' Rights

CHAPTERS 60-64 RESERVED

Chapter 46.

Legal Opinions in Intellectual Property Matters*

SCOPE

This chapter covers the different situations in which legal opinions in intellectual property matters are required, including availability opinions, infringement opinions, due diligence opinions for corporate transactions and opinions in response to an auditor's request. The chapter also covers the duties an attorney has when preparing opinions, the appropriate standard of care and when an attorney can be held liable for malpractice for giving an opinion. Samples of certain types of opinion letters are provided in the Appendix.

SYNOPSIS

- 46.01 What Is A Legal Opinion?**
- 46.02 What Is The Attorney's Duty When Giving An Opinion?**
 - [1] What Law Governs Legal Opinions?**
 - [2] When Is An Attorney Liable For An Inaccurate Opinion?**
- 46.03 Main Components Of A Legal Opinion Letter**
- 46.04 Intellectual Property Related Opinions**
 - [1] Opinions on the Availability of Patents and Trademarks**
 - [a] Patents**
 - [b] Trademarks**
 - [2] Infringement-Related Opinions**
 - [a] Patents**
 - [b] Trademarks**
 - [c] Copyrights**
- 46.05 Other Opinions Related to Intellectual Property**
 - [1] Due Diligence**
 - [2] What Should the Due Diligence Investigation Address?**
 - [a] Patents**

* This chapter was originally prepared by Amy Benjamin of Darby & Darby, New York City. This chapter was updated by Catriona M. Collins, an intellectual property attorney practicing in New York.

- [b] Trademarks
- [c] Copyrights
- [d] Trade Secrets

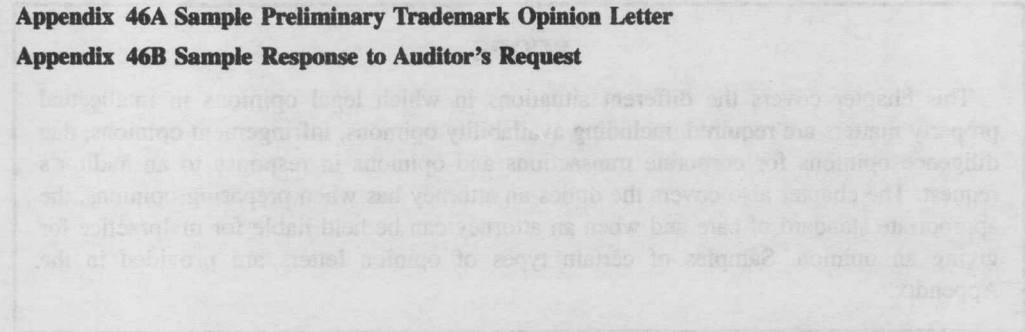
[3] Auditor's Requests

46.06

Conclusion

Appendix 46A Sample Preliminary Trademark Opinion Letter

Appendix 46B Sample Response to Auditor's Request



SYNOPSIS

- 46.01 What is a Legal Opinion?
- 46.02 What is the Auditor's Duty When Giving An Opinion?
- 46.03 What Law Governs Legal Opinions?
- 46.04 When is an Attorney Liable For An Inaccurate Opinion?
- 46.05 What Components Of A Legal Opinion Letter?
- 46.06 Intellectual Property - Related Opinions
- 46.07 Opinions on the Viability of Patents and Trademarks
 - (a) Patents
 - (b) Trademarks
- 46.08 Differences in Related Opinions
 - (a) Patents
 - (b) Trademarks
 - (c) Copyrights
- 46.09 Other Opinions Related to Intellectual Property
 - (i) Domain Names
 - (ii) What Should the Law Firm's Investigation Address?
 - (iii) Patents

§ 46.01 What Is A Legal Opinion?

A legal opinion is the professional opinion of an attorney based on an investigation of a set of facts and discussion of the applicable law. The opinion can either be oral or in the form of a written letter. In general, legal opinions are used for a number of reasons. For example, clients may want to be informed of the legal issues raised by a particular transaction, or may need to establish that they have acted in good faith in a transaction after the fact. In addition, clients may want advice on the steps they should take in order to protect their interests. As intellectual property rights become increasingly valuable and are the subject of many business transactions and litigations, attorneys are more frequently called on to provide legal opinions concerning those intellectual property rights—who owns them, what is their value, whether there are any potential conflicts with the rights of a third party and whether a third party is infringing those rights.

§ 46.02 What Is The Attorney's Duty When Giving An Opinion?

[1] What Law Governs Legal Opinions?

An attorney has an obligation to conduct an appropriate investigation before rendering an opinion to a client. However, it is sometimes difficult for attorneys to determine when they have done enough research. Though each opinion will be unique to facts of the situation, there are certain guidelines an attorney should always follow in forming the opinion.

Three sources for these guidelines are: (i) *Legal Opinion Principles*;¹ (ii) *Restatement (Third) of the Law Governing Lawyers*;² and (iii) *Third Party "Closing" Opinions*.³ These three documents, taken together, guide an attorney on the standard of care he or she should follow when conducting an investigation and giving an opinion, and they help standardize opinion letter practice. The *Restatement* sets forth the principle that legal opinions are judged by "customary practice" of the legal profession while *Legal Opinion Principles* and *Third Party "Closing" Opinions* define that customary practice. Moreover, while these documents set out reliable guidelines, they are only a generalization of legal opinion practice overall and are not specific to any one area of law. Attorneys are also expected to follow the Model Rules of Professional Conduct ("Model Rules"),⁴ which outline the moral and ethical obligations of the profession. Finally, despite the fact that an attorney may want to protect or please the client, there is a professional obligation to deliver the most accurate opinion possible.

[2] When Is An Attorney Liable For An Inaccurate Opinion?

Because of the nature of the attorney client relationship, an attorney owes her client a "duty of care" and can be liable for malpractice when a breach of that duty results in harm to the client.⁵ In the context of legal opinions, a client may be "harmed" when it relies on an attorney's opinion to the client's detriment. However, because an opinion is only a limited assurance by the attorney, the "harmed" client may have limited rights to bring a claim against the attorney who gave the opinion. For example, an attorney may be liable for harms that result from an incomplete or inaccurate opinion, but may not be liable for merely being wrong.⁶ Typically, courts will analyze the attorney's

¹ Committee on Legal Opinions, ABA: Report: Legal Opinion Principles, 53 BUS. LAW. 831 (1998), available at <http://www.abanet.org/buslaw/tribar/>.

² Restatement (Third) of the Law Governing Lawyers (2000).

³ Tribar 1998 Report, Third Party "Closing" Opinions, 53 BUS. LAW. 591 (1998), available at <http://www.abanet.org/buslaw/tribar/>.

⁴ Model Rules of Professional Conduct (1980). The Model Rules were approved by the American Bar Association in 1983 and have largely replaced the *Model Code of Professional Responsibility*.

⁵ *Bebo Const. Co. v. Mattox & O'Brien, P.C.*, 990 P.2d 78 (Colo. 1999) (recognizing an attorney owes the client a duty of care and the attorney can be held liable if this duty is breached).

⁶ See, e.g., *RTC Mortg. Trust 1994 N-1 v. Fidelity Nat'l Title Ins. Co.*, 58 F. Supp 2d 503 (D. N.J. 1999) (attorney's inaccurate opinion, based on a failure to fully explain complicated legal issues, was basis for liability in malpractice).

behavior in light of the standards of the legal profession in general, as well as the "specialization" of that attorney.⁷ An attorney is not required to guarantee the soundness of her opinion and is not liable for every mistake she may make in practice. However, every attorney is expected to possess knowledge of those plain and elementary principles of law that are commonly known by well-informed attorneys and to discover those rules that, although not commonly known, may be readily found by standard research techniques.⁸

In addition, the form and/or content of the legal opinion letter itself may determine who has standing to sue for the "harm" arising from the attorney's opinion (whether inaccurate or not). In general, only the addressee of an opinion letter has standing to sue the attorney who gave the opinion.⁹ In certain circumstances, non-client third parties who rely on an opinion to their detriment may also have standing to sue. This arises when an attorney knows that the non-client third party will rely on the opinion.¹⁰

⁷ See *Lloyd v. Paine Webber, Inc.*, 208 F.3d 755, 760 (9th Cir. 2000) (*citing*, *Felts v. National Account Sys. Assoc., Inc.*, 469 F. Supp. 54, 67 (N.D. Miss. 1978)) (held that when counsel is in a "high speciality field," such as securities offerings, then counsel has a higher duty of care to the client to conduct falsities.).

⁸ See, e.g., *In re Gibson & Cushman Dredging Corp.*, 225 BR 543 (E.D.N.Y. 1998) (attorney is not infallible, but if attorney's conduct falls below the ordinary skill and knowledge commonly possessed by members of the profession attorney can be liable for malpractice).

⁹ See *Crossland Savings FSB v. Rockwood Ins. Co.*, 700 F. Supp. 1274, 1283 (S.D.N.Y. 1988) (An attorney owes a duty to the client when providing a legal opinion. However, if the attorney's purpose behind the opinion is for the benefit or reliance of a third party, the attorney may owe a duty to the third party as well.).

¹⁰ See M. JOHN STERBA, JR., *LEGAL OPINION LETTERS*, § 12.14, at 12.55–12.62 (3d ed. 2005 & 2009 Supp.); see also, *Cambridge Factors v. Sturges & Mathes*, 1992 Conn. Super. LEXIS 2140, at *3 (Conn. Super. Ct. July 15, 1992) (*citing*, *Vereins-Und Westbank, A.G. v. Carter*, 691 F. Supp. 704 (S.D.N.Y. 1988) (attorney is liable to third parties that relied on the attorney's opinion)).

§ 46.03 Main Components Of A Legal Opinion Letter

Though each opinion letter is written to specifically analyze the issue at hand, certain important components are always included. These components include:

- **The date.** This limits the advice the attorney is rendering to the facts and law as they exist on that date.
- **The addressee.** This is often the client and typically, the only person or entity with standing to sue.
- **Purpose of the opinion.** The reason the opinion is being given (e.g., in response to an auditor's request or due to a charge of infringement).
- **Limits on the scope of the opinion.** If there are any limits on the opinion, for example, if the opinion is based only on the client's documents and not an independent investigation, this should be clearly stated.
- **Investigation.** The exact nature of the investigation—what was done and what facts were uncovered.
- **Definitions.** Any important terms, even if obvious, should be defined.
- **Assumptions.** If the opinion contains any assumptions of law or fact, these should be set out, along with a caveat that if the assumptions are incorrect, the opinion may change.
- **Conclusion and any recommendations.** The opinion letter should clearly state the opinion on the ultimate question (i.e. "Based on the foregoing, it is our opinion that . . .").
- **Signature.** The opinion should be signed by the opining attorney.

§ 46.04 Intellectual Property Related Opinions

[1] Opinions on the Availability of Patents and Trademarks

In its most simplistic sense, an “availability” opinion is an attorney’s opinion as to whether or not a certain term (a trademark) or idea or product (an invention) can be used, made and/or registered with the appropriate government agency. However, the form and substance of an availability opinion in each of these areas is very different.

[a] Patents. In the area of patents, an availability opinion looks to the “patentability” of a client’s proposed invention or product. Under 35 U.S.C. § 101 patents protect “any new and useful process, machine, manufacture, or composition of matter” which meet the various requirements for patentability under the Patent Act, such as novelty and non-obviousness under 35 U.S.C 102 and 103. These opinions should be based on an investigation of whether a third party has already obtained a patent for all or part of the client’s proposed invention and on whether the client’s invention is already otherwise described or disclosed in whole or in part in the relevant technical literature.

The amount of detail the attorney should put into a patent availability opinion depends on the type of opinion the client requests. For example, a client may request only a preliminary search and opinion on whether the invention will meet the requirements for patentability. In order to reach an opinion, an attorney conducts a search for “prior art.”¹ In order to limit the cost, this type of search is often limited to a review of patents and published patent applications in the United States Patent and Trademark Office (“PTO”).² The client’s proposed invention is then compared to the prior art in order to determine whether the proposed idea is patentable in light of the prior art. This determination includes evaluating whether the client’s invention is “anticipated” under Section 102 and whether it is “obvious” under Section 103. The anticipation analysis under Section 102 requires evaluating whether each element of the invention is found in a single prior art reference, either expressly or under principles of inherency.³ Under Section 103 the obviousness analysis requires evaluating whether the differences between the subject matter sought to be patented and the prior art would have been obvious to one of ordinary skill in the art.⁴

¹ See 35 U.S.C. § 102 (2002).

² There are various electronic databases of U.S. Patents and published applications, e.g., the PTO web site and Lexis provide full text patent searching.

³ *Verdegal Brothers Inc. v. Union Oil Co. of California*, 814 F.2d 628, 631 (Fed. Cir.), cert. denied 484 U.S. 827 (1987).

⁴ See 35 U.S.C. § 102, § 103 (2004); see also, J. THOMAS MCCARTHY, MCCARTHY’S DESK ENCYCLOPEDIA OF INTELLECTUAL PROPERTY 341-3 (2d ed. 1998) (Prior art is “the existing body of technological information against which an invention is judged to determine if it is patentable as being a novel and nonobvious invention.”); see also, 2 CHISUM ON PATENTS, Matthew Bender & Company, Inc. 2005, § 5.03 (Prior art includes “both references in the art in question and references in such allied fields as a person with ordinary skill in the art would be expected to examine for a solution to the problem.”). See also, *KSR Int’l Co. v. Teleflex Inc.*, 550 U.S. 398, 417 (2007) (“When a work is available in one field of endeavor, design incentives and other market forces can prompt variations of it,

In form, the opinion letter should state the scope of the prior art search, identify the prior art and analyze its relevance, and conclude with the attorney's opinion as to whether the client's invention is likely patentable. Although, the client is not obligated to obtain a preliminary opinion before filing a patent application, such an opinion could save time and money because it addresses whether the invention is likely to be approved by the PTO. A preliminary search will also aid in the prosecution of the patent application by enabling the prosecuting attorney to draft patent claims that avoid the closest prior art and, thus, will not need to be narrowed by amendment during prosecution.⁵

A second type of patent availability opinion addresses the same issues as a preliminary opinion but is based on a more comprehensive search called a "state-of-the-art" search. A state-of-the-art search includes an investigation of U.S. and foreign publications, U.S. and foreign patents and third-party uses or sales of products that relate to the client's invention. A professional patent searcher may be employed and there are various databases of foreign patents that can be searched electronically.⁶

[b] Trademarks. An attorney's opinion letter (and supporting materials) should give a client a clear understanding of whether it can likely use and/or register the proposed mark in connection with the goods or services at issue and, if so, how easy or difficult it will be to enforce that mark against third parties.⁷

Trademark availability opinions may be based on either a "preliminary" or a "full" search report. A preliminary search is merely a review of the PTO's records of pending trademark applications and registered marks (no state records or common law uses are disclosed) and should only be used to determine if a proposed mark is *unavailable* (i.e., if there is already an application or registration on file for an identical or confusingly similar mark for similar goods or services). This type of search is sometimes referred to as a "knock-out" search. Because of the limited nature of these types of opinions, their relatively low cost and the fact that they can usually be completed relatively quickly, many clients find that they are a good tool for narrowing the choices among multiple marks before the more costly and time-consuming comprehensive opinion is obtained. However, the opinion letter based on such a search should expressly caution the client that the basis for the opinion is so limited and does not address whether the proposed trademark is ultimately availability for both use and registration.

either in the same field or a different one. If a person of ordinary skill can implement a predictable variation, § 103 likely bars its patentability.").

⁵ See, *Festo Corp. v. Shoketsu Kinzoku Kogyo Kabushiki Co.*, 535 U.S. 722, 733-734 (2002), holding that a narrowing amendment to a patent claim during prosecution of the patent application may give rise to prosecution history estoppel, so that the patent owner cannot later rely on the doctrine of equivalents to prove infringement.

⁶ See, e.g., the European Patent Office's website at <http://www.epo.org/>.

⁷ The test of whether a mark is available for use and registration is whether the mark is likely to be confused with any prior existing marks. Likelihood of confusion is determined based on a multi-factor test that focuses primarily on the similarities between the marks in question and the similarities between the respective goods/services in connection with which the marks are used.