

NEWSLETTER

Developments in U.S. and Canadian law
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RECENT DEVELOPMENTS IN WAR OF USPTO FEE DIVERSION

Considering that the USPTO is one of the few US agencies that actually generates revenue, the international IP community is becoming aware of the looming threat of increased USPTO fees. The US Congress, seeking new and unexplored ways to generate revenue to finance other cash-strapped agencies such as the FBI and Homeland Defense, has decided to turn the USPTO into a cash cow, disregarding the long-term negative impact this may have on industry.

Our Firm is involved in fighting against this impending fee hike; one of our members is on the Executive Committee of the ABA (American Bar Association) monitoring a dialog with USPTO officials in the matters of price increases and fee diversion.

Congress was recently visited by an ABA delegation on ABA Day. The 16-person Section of IP Law delegation met one-on-one with members and staff of Congress. The meeting was attended by an extraordinary number of Senators, Congressmen, and their staff, who were given a first-hand perspective on the diversion of fees from the USPTO. Congress learned that over the past decade, nearly \$750 million in user fees have been diverted from USPTO to other agencies. Section members got the opportunity to meet with Senator Kay B. Hutchison, a member of the Senate Appropriations Subcommittee that determines PTO funding.

The Section representatives used these visits to advise Congress of the Section's support for adequate funding to provide quality and timely patent and trademark services. The Section also stressed that the ABA and the Section would oppose using the fee bill to increase revenue to fund other unrelated programs through fee diversion.

TIPS FOR TO AVOID WILLFUL PATENT INFRINGEMENT

In the past two years, the U.S. Court of Appeals for the Federal Circuit and U.S. district courts have generated many decisions relating to various aspects of the law of willful patent infringement. Such decisions have generated the following useful advice for patent practitioners:

- companies should avoid using the same law firm as opinion counsel and trial counsel;
- opinions of in-house counsel are disfavored;
- courts are split regarding the scope of waiver of attorney-client privilege and work product that result from decisions to rely on an opinion of counsel to defend against a charge of willful infringement;
- finding of willful infringement does not require an award of enhanced damages;
- opinion obtained for infringement purpose must contain accurate information;
- information to be provided

to outside counsel must not contain any misleading information to avoid the charge that such opinion was sought in bad faith;

- timing of opinion of counsel could make a difference between willful and non-willful infringement, which means that the alleged party must act promptly upon receiving notice of infringement;
- competency of opinion may cause the jury to bring unfavorable decision;
- failure to obtain opinion of counsel – an opinion given by any other expert who is not qualified legal counsel may be considered as invalid and may be disregarded in court.

Courts also note that there are various factors relevant to determining whether enhanced damages should be awarded, including:

- deliberate copying;
- infringer's investigation and good faith belief in validity or non-infringement;
- litigation conduct;
- infringer's size and financial conditions;
- closeness of the case;
- duration of the misconduct;
- remedial action by the infringer;
- infringer's motivation for harm;
- concealment.

Patent lawyers should monitor the case law to take effective measures to protect their clients from enhanced damages for patent infringement.