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Willfulness/Opinion of Counsel Questionnaire Survey Results

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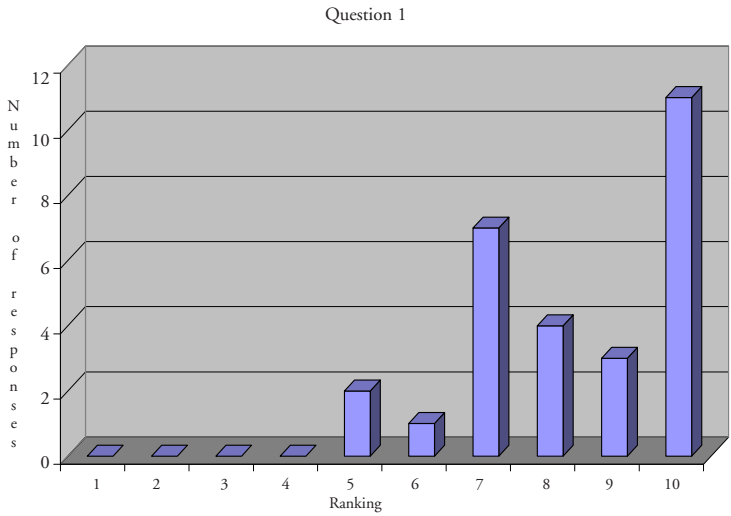
WILLFULNESS/OPINION OF COUNSEL QUESTIONNAIRE SURVEY RESULTS[1]

Robert G. Sterne and David K.S. Cornwell
Sterne, Kessler, Goldstein and Fox
Washington, D.C.

Q1. On a scale of 1 to 10, where 1 means that this area of law is of no practical consequence to the practice of patent law, and 10 means this area is a severe problem, how would you classify the current state of the law of willfulness?



Comments:

1) Although there are significant problems associated with the use of legal opinions, the "totality of circumstances" test is an easier trial component of fairness across a broad spectrum of cases.

2) Very important issue, but unlike other issues, (Markman, Festo, etc.) it is an issue primarily at trial.

3) Not clear about question.

4) Causes some confusion, but not as important as central issues of infringement and invalidity.

1 This survey was taken at The Fourth Annual Sedona Conference℠ on Patent Litigation, November 6-7, 2003, at the Radisson Poco Diablo resort in Sedona, AZ. A total of 29 people participated in this survey.

5) The likelihood of disqualification of opinion counsel as trial counsel greatly impacts our practice. The focus must turn to the clients good faith reliance on a belief of non-infringement.

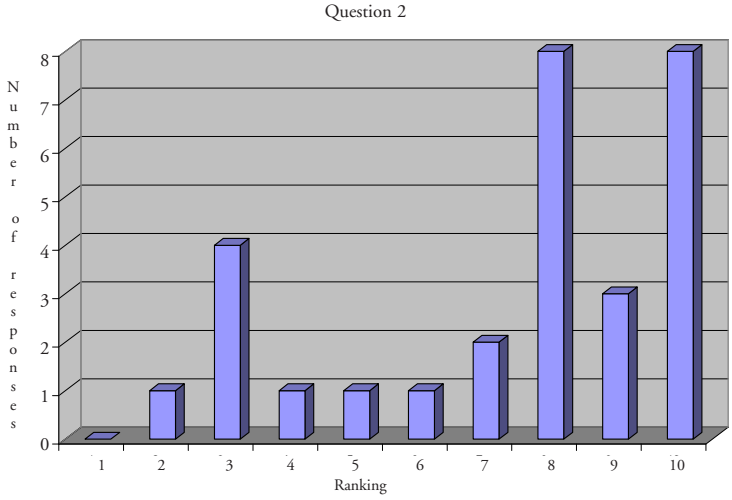
6) Current willfulness jurisprudence creates an expensive charade — it does not adequately give consideration to good faith opinions of those skilled in the art. Also tends to disincentive product clearance.

7) We separate the "reliance witness" from the senior management who receives status information and risk analysis during litigation.

8) In many cases it plays no role whatsoever, but can become a behemoth in certain situations.

9) I have one phrase to describe the state of the law in this area: "Disney World for Lawyers", a make-believe world.

Q2. On a scale of 1 to 10, where 1 signifies that this area has minimal impact and 10 signifies that it is a severe practical interference, how does the state of the law of willfulness affect your ability to provide unbiased, objective advice to your client about their patent infringement risks?



Comments:

1) I do not give opinions for use in evidence, but those in firms who do are seriously affected by that aspect of their opinions.

2) I am litigation — not part opinion giver.

3) It is just an issue of what is written. But would be better to write so that can be conveyed accurately and record made.

4) I am not a patent lawyer. I don't consider willfulness when I discuss pros and cons of an adversary's position.

5) But, it does greatly affect the mode of communicating that advice to clients.

6) This law has fundamentally altered the way advice about patent validity is rendered.

7) We are always concerned about waiver of privilege, usually due to businessman/women's "propensity to proliferate" — email is just too handy a tool for these people to ignore!

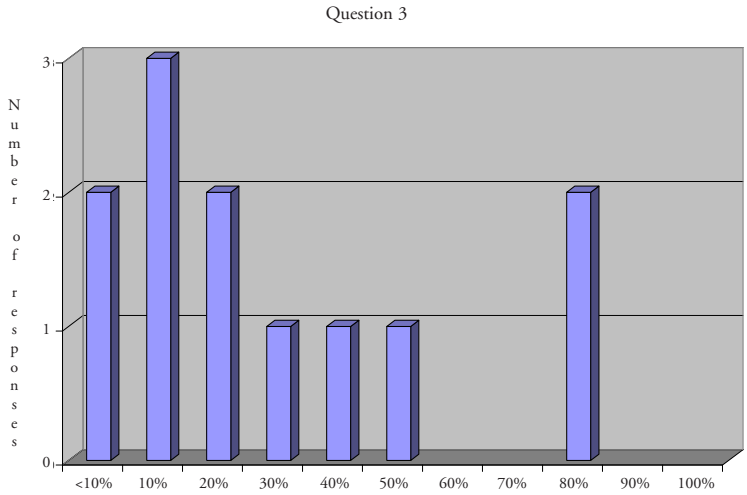
8) Cannot just prepare it without considering effects beyond client reading.

9) We separate the "reliance witness" from the senior management who receives status information and risk analysis during litigation.

10) Don't write opinions so I feel I can discuss issues w/o waiver.

11) Beating around the bush describes it.

Q3. In what percentage of the patent infringement cases that you handle does your firm act both as trial counsel and as opinion counsel?



Comments:

1) As few as possible.

2) But the percentage is dropping.

3) Occasionally.

4) The fact is that this is changing fast and at present we do no opinions in cases where we are counsel.

5) I am in-house, hence "n/a" - - and see some of the following answers as well.

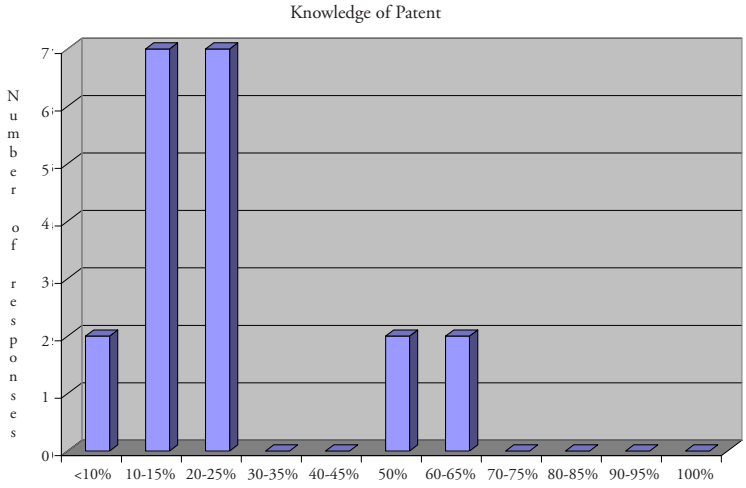
6) In-house; "this is a no, no for now".

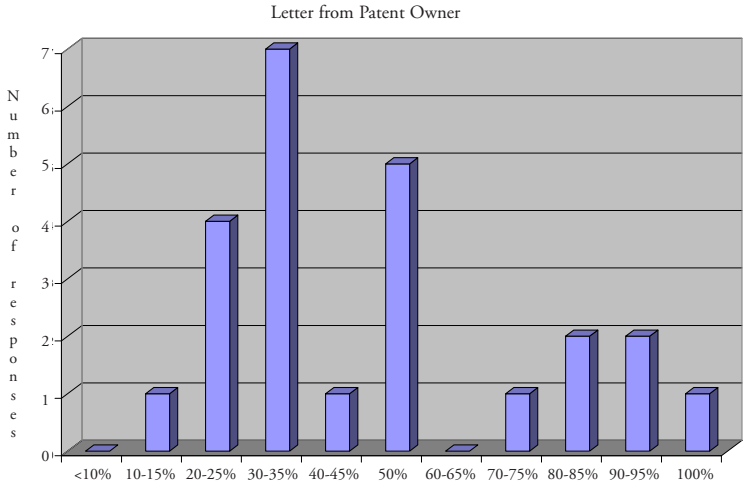
7) Only if the client insists, but even then use different groups of lawyers.

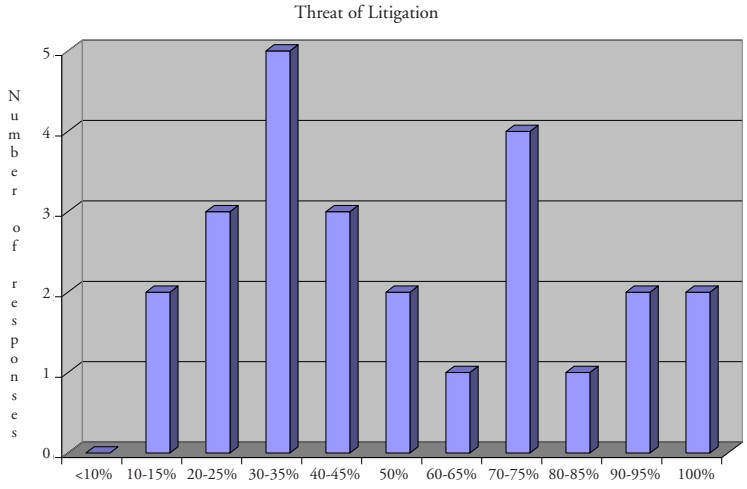
8) I am in-house general counsel.

9) Not in my office, but a little in other office. Generally this coverage, especially for anyone other than a very small client.

Q4. In those situations where you seek outside opinion counsel, estimate the percentage at each stage in the proceeding where opinion counsel is brought in:






Threat of Litigation
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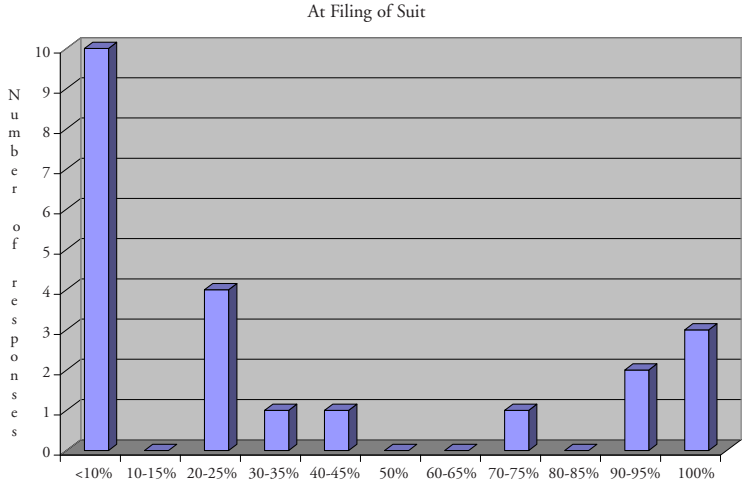
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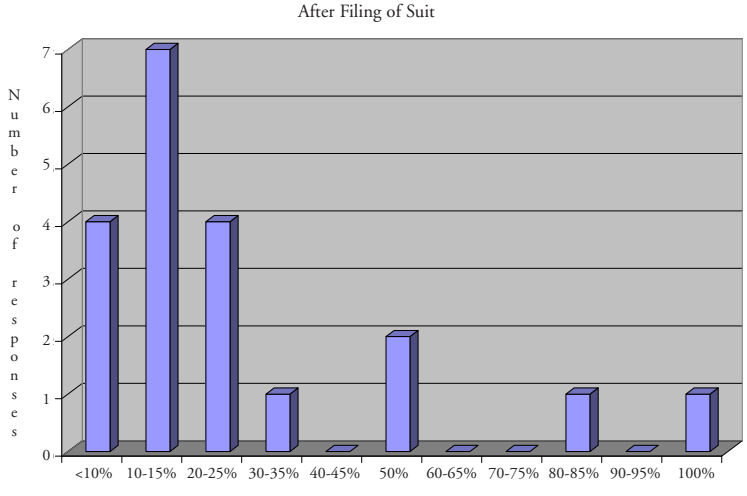
After Filing of Suit
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80-85%
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100%

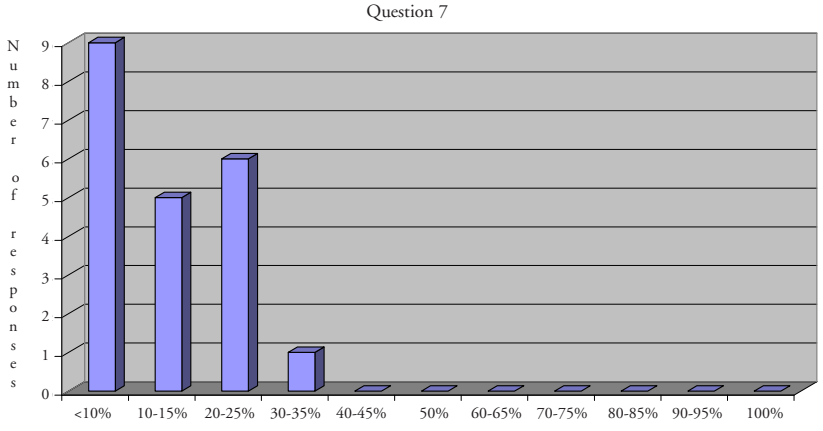
Q5. In which of the following circumstances do you believe it is necessary to obtain an opinion of counsel?

0	A client is aware of a patent, but has no reason to believe it infringes.
16	A client is aware of a patent and has been told by a third party that it infringes.
27	A client is aware of a patent, has read the patent and believe that it may infringe the patent.
16	A client receives a licensing letter with no accusation of infringement.
26	A client receives a C & D letter.

Q6. In light of the current state of the law, what is your opinion of best practices on proper staffing of an opinion of counsel defense?

0	My law firm, same teams.
4	My law firm, different teams.
5	My law firm does opinion, new trial firm brought in to provide defense.
23	My law firm provides defense, new law firm brought in to provide opinion.
1	Entire matter referred to new law firm.

Q7. When your firm does not act as opinion counsel, but separate opinion counsel is used, what percentage of the cost of patent litigation can be attributed to the issue of willfulness?



Comments:

1) The opinion is likely to cost $20K to $75K or more. Discovery of the opinioning lawyer will require discovery and attendance at trial proportional to work done.

2) Keeping the opinion counsel separate is not that expensive, unless inconsistencies between their opinion and trial strategy appears.However there's overlap with other issues. The fact that this is changing fast and at present we do no opinions in cases where we are counsel.

3) Cost of litigation is high. Opinion costs more from outside source, but not much more.

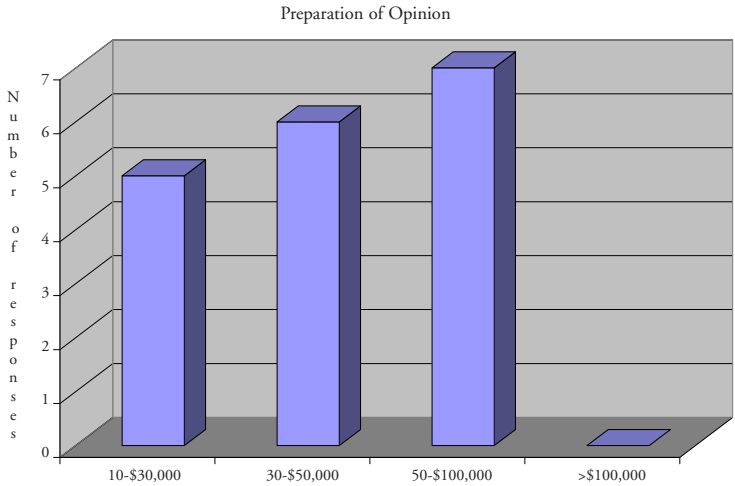
4) The longer this litigation proceeds, the less material the cost of separate opinion counsel.

5) Very difficult to estimate.

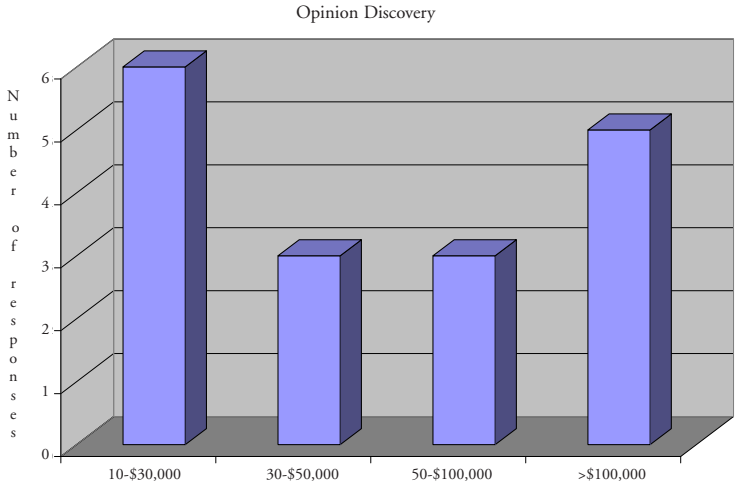
6) Cost of litigation is not really the issue. At this point, the patent is already important enough to be the subject at litigation. The bigger issue is the cost of opinions to companies if you have to do one for every potentially problematic patent a company becomes aware of.

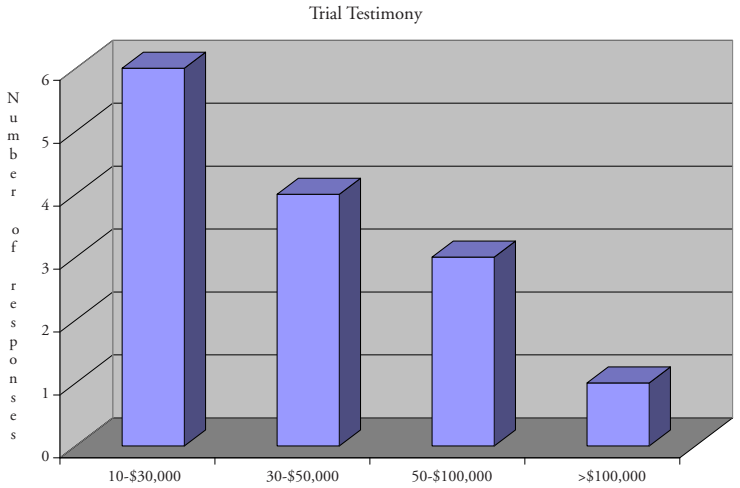
7) Bulk of the expense relates to litigation discovery – cost of opinion pales in comparison.

Q8. When your law firm acts only as trial counsel, what is the average costs of the infringement opinion component of case?

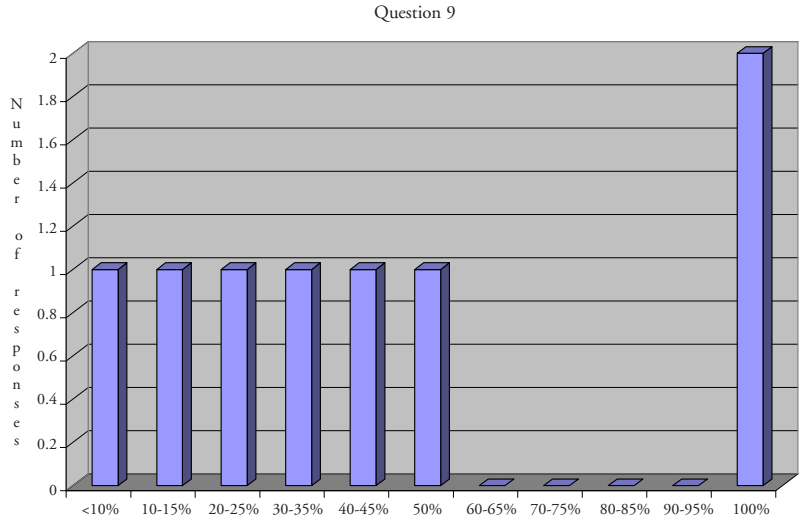


Preparation of opinion:





Q9. When acting as defense counsel, what percentage of your cases has resulted in a finding of willfulness?



Comments:

1) Where infringement is found, 25%.

2) One case representing plaintiff, one case representing defendant; that total willfulness on less than 3 hours of total deliberation in Del.

3) One case settled.

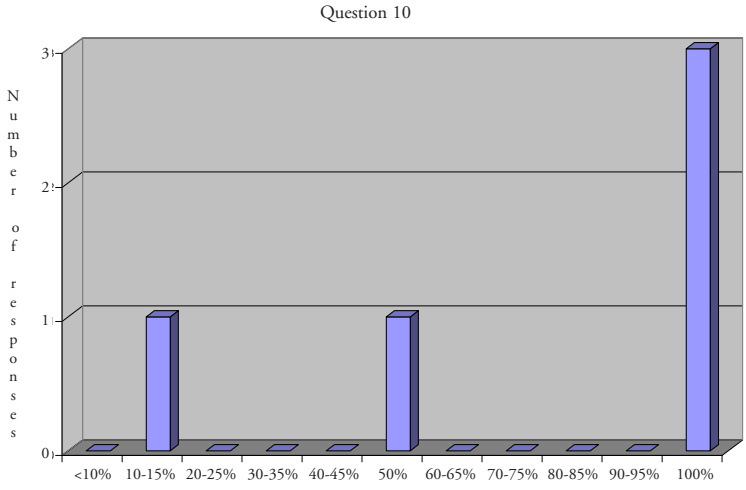
4) Very lucky I guess!

5) Hard to estimate — so few go to trial. Only 1 willfulness finding and no enhanced damages.

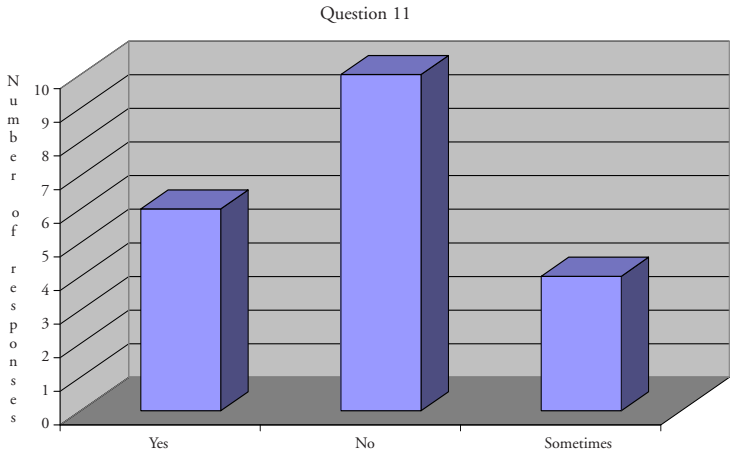
6) I note that Judge misspoke in his jury instruction which said that you only look to see if reasonable belief if noninfringement, not invalidity. Jury found willfulness, but invalidity on 6 grounds.

7) Only 2 cases would fit the preamble of question.

Q10. In those cases where a finding of willfulness has occurred against your client, what percentage of cases has resulted in an award of enhanced damages and/or attorneys fees?



Q11. When you have used a separate law firm as opinion counsel, do you as trial counsel have direct contact with opinion counsel?



Comments:

1) Risky.

2) I think you have to.

3) Only to answer specific objective questions.

4) The entire purpose of having separate opinion counsel is to avoid any waiver.

5) We assist in selection of counsel, but have no contact after that.

6) I consider myself gatekeeper on this issue.

7) Limited to providing materials and prep for depo.

8) Not until opinion is completed.

9) In-house.

10) Direct contact increases chance that scope of waiver will reach to trial counsel.

11) On procedural matters.

12) Indirectly, through my staff litigation attorney who talks with both to be assured the opinion is not inconsistent.

Q12. When you have used a separate law firm as opinion counsel, what role do your client's in-house attorneys play in working with opinion counsel?

Answers:

1) Work closely.

2) Intermediate.

3) Very little – they select the opinion counsel, but we make sure they have seen the proper material to give a competent opinion.

4) Will usually rely on opinion.

5) They are the primary contact with opinion counsel.

6) Sometimes they had written opinion, always involved.

7) Providing necessary evidence, not opinions.

8) Varies with client.

9) Only giving facts on accused subject matter.

10) In-house counsel works with opinion counsel and there is no contact with litigation counsel.

11) Used at times.

12) Managers of the process – liaisons with business persons and ultimately responsible for the result.

13) Provide information.

14) Co-ordinate opinion so that litigation counsel does not get involved.

15) In-house patent counsel retain opinion counsel, provide the appropriate information and instructions, and ultimately review the opinion with product decision makers.

16) Limited, careful, artificial due to discovery rules.

17) Provide prior art, technical info.

18) Primary contact.

19) They work directly with opinion counsel.

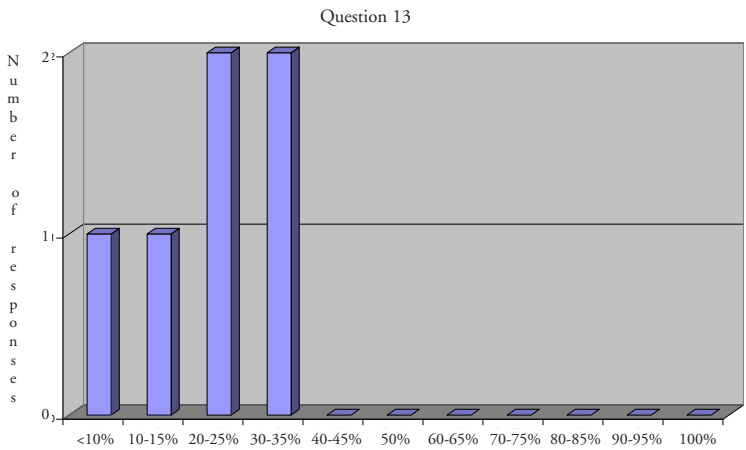
20) Provide reference for technical persons, read opinion and comment on it.

21) Varies, they deal directly with them.

22) Complete role.

23) Provide them with logistical support and background information. Advised not to provide opinions.

Q13. In what percentage of cases that you handle, does opinion counsel hire your firm as litigation counsel rather than your firm hiring opinion counsel?



Comments:

1) Difficult to know role of other firms in many cases.

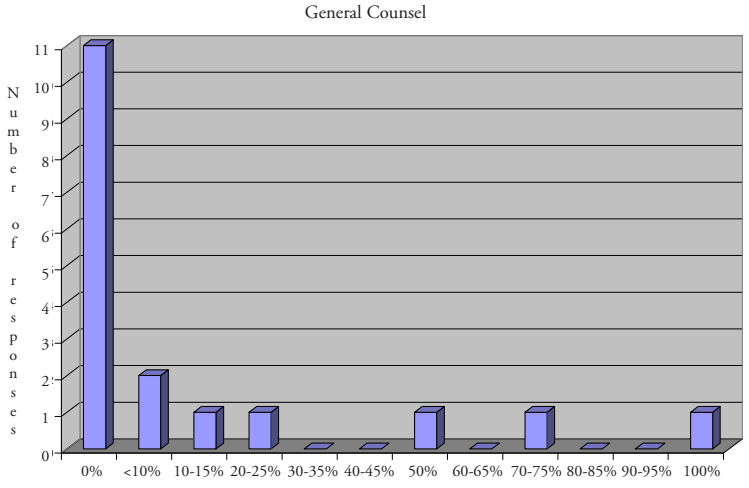
2) We have a policy now of not taking opinion if it would affect our ability to be litigation counsel.

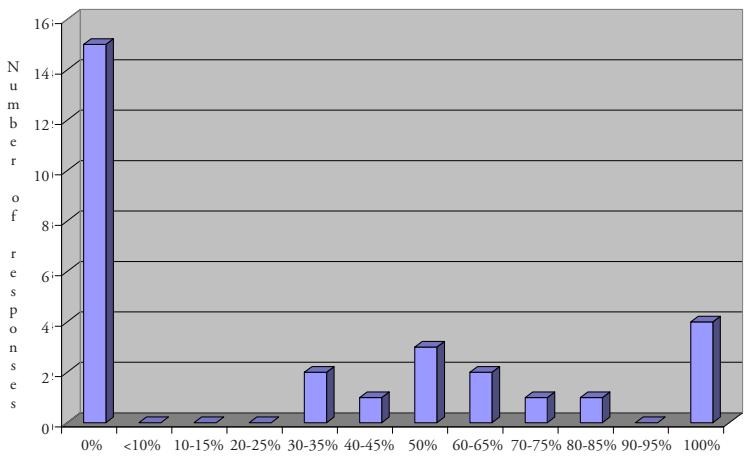
3) In-house.

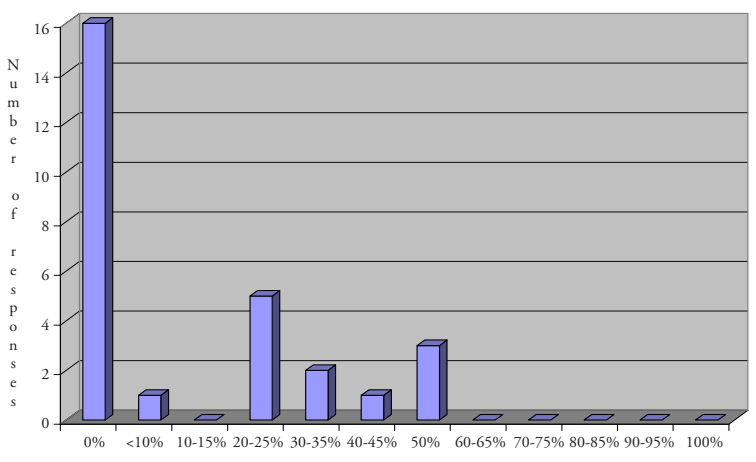
4) Client hires both.

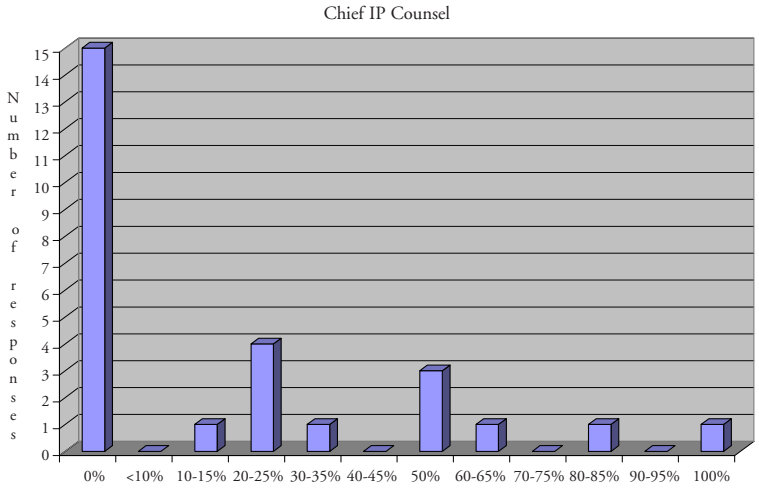
5) We are trial counsel, we don't hire opinion counsel either; the client hires opinion counsel.

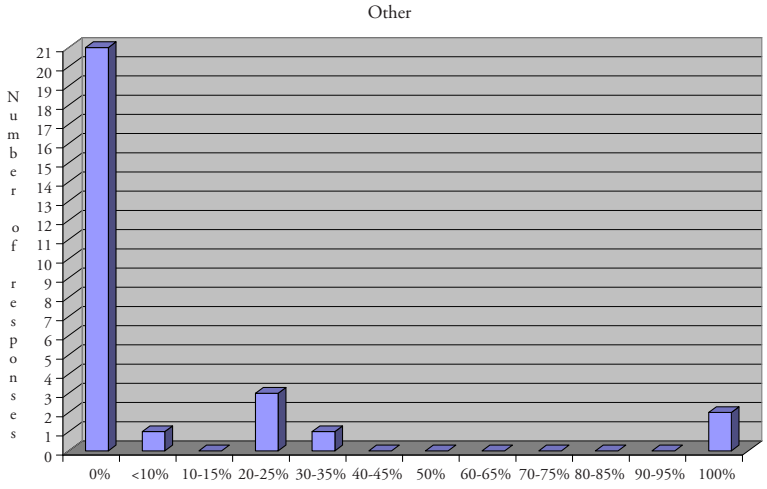
Q14. In your cases where opinions have been obtained, indicate by percentage who has acted as the reliance witness for your client?











Q15. If your client has a General Counsel, a CEO, a President, a CTO and a Chief IP Counsel, who do you prefer to act as the reliance witness in your cases?

Answer:

1) IP Counsel and a business person.

2) President.

3) IP Counsel because he understands the opinion.

4) GC – I believe jury would expect the client lawyers to be the person relying.

5) President or CEO, whichever is the most knowledgeable and the best witness.

6) Whoever will be the best witness.

7) Probably based on who is a better witness.

8) CEO or Pres.

9) CEO or CTO or lesser management person responsible for the product in question.

10) Probably latter two.

11) CTO.

12) Depends on product and on decision maker for the product - Also, best witness.

13) CTO.

14) Person one step below Sr. Executive Officer level who has authority to make product decisions.

15) CTO.

16) Depends on how good of a witness he/she is.

17) Depends on who is best witness with control.

18) Depends on technology in patent.

19) President or CEO and Chief IP counsel.

20) Business or technical officer responsible for the accused device who can best testify as a witness.

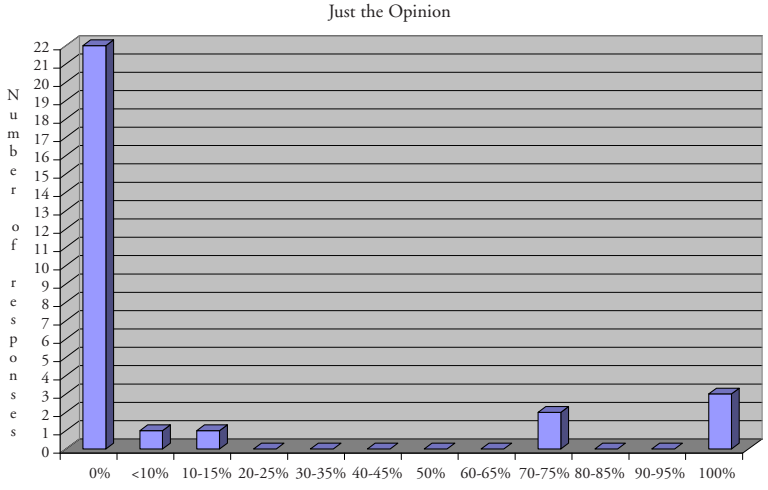
21) CTO.

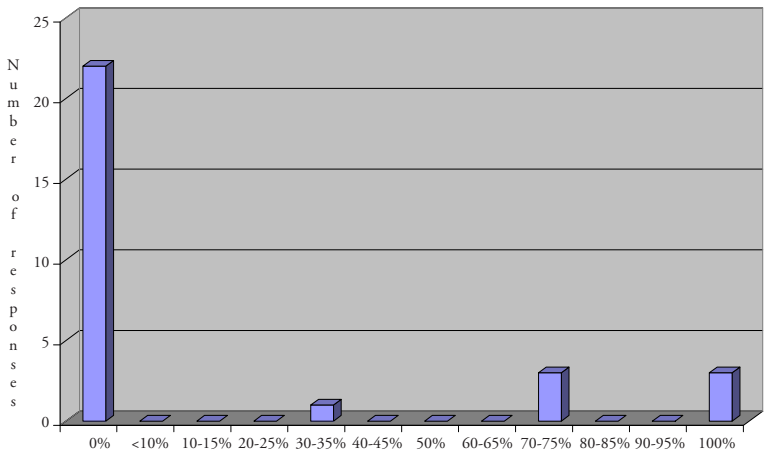
22) None of the above.

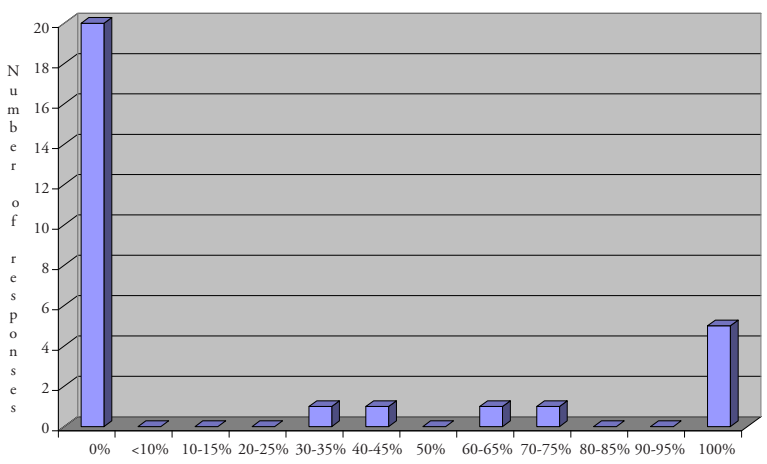
23) Business unit (division) general manager.

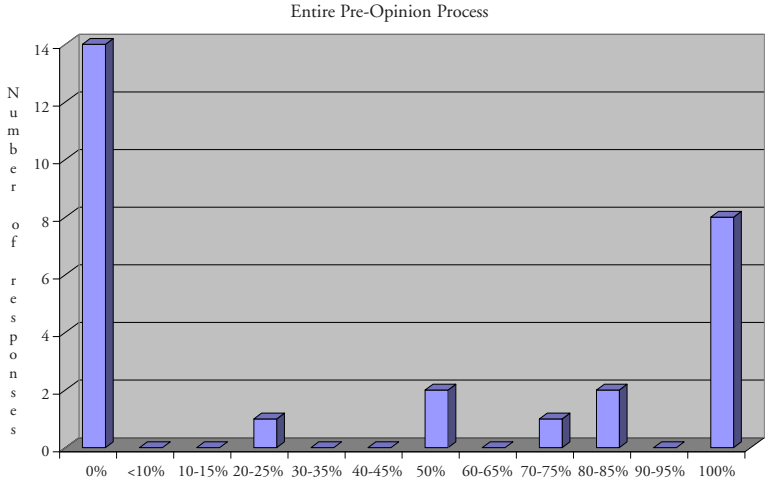
24) President, CEO. The buck stops there in a small company. If a large company, then Chief IP Counsel or CTO.

Q16. In those cases where you have turned over your opinion, indicate by percentage the extent of the ultimate waiver of privilege








Entire Pre-Opinion Process
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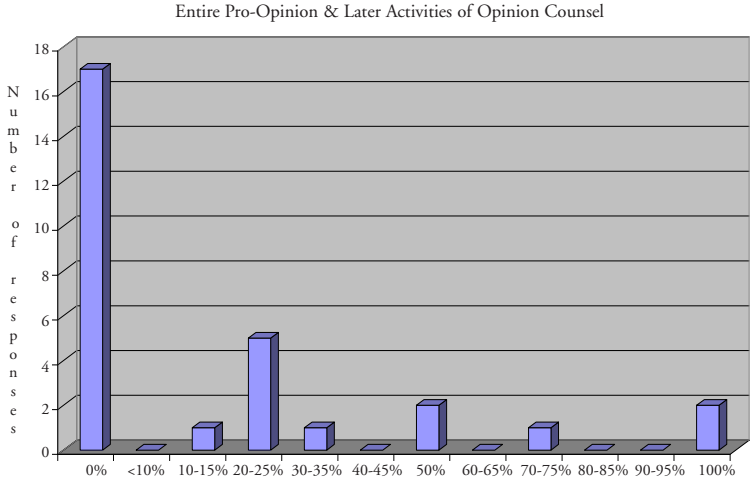
Entire Pro-Opinion & Later Activities of Opinion Counsel
Number of responses
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Q17. In your experience, can opinion counsel ethically destroy drafts of the opinion? (check any that apply)

7	no, never
13	yes, if it is the normal practice of the lawyer to destroy drafts and litigation has not been initiated
2	yes, if it is the normal practice of the lawyer to destroy drafts even if litigation has commenced
9	yes, if the drafts were never shown to the client
0	yes, if only non-permanent (electronic) drafts were shown to the client
0	yes, always

Comments:

1) I do not think that drafts should be discoverable. We all rewrite things to express our ideas clearly. Once shown to the client, however, they go to state of mind and must go retained.

2) By draft I include what would normally be referred to a "rough drafts" that one circulated only within the firm.

3) Focus on properly – what was communicated to client.

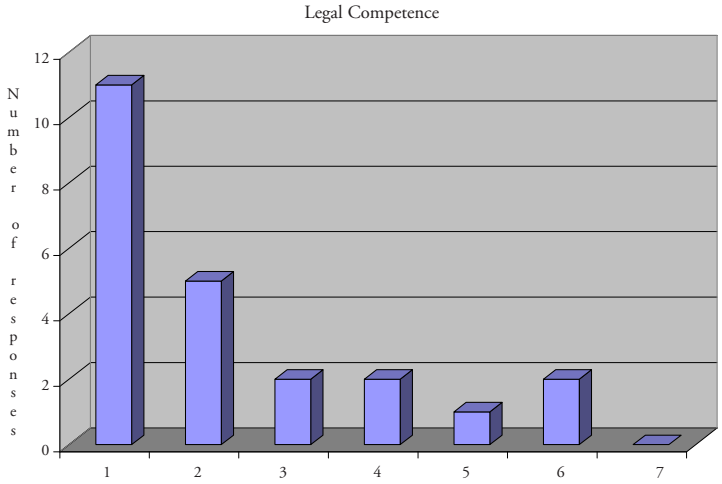
4) Destruction of documents of litigation is imminent or in progress raises serious issues.

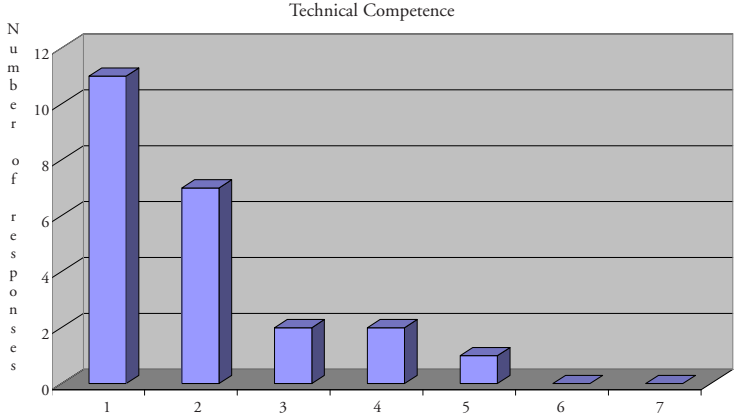
5) Client document retention and disposal policy should always be consulted.

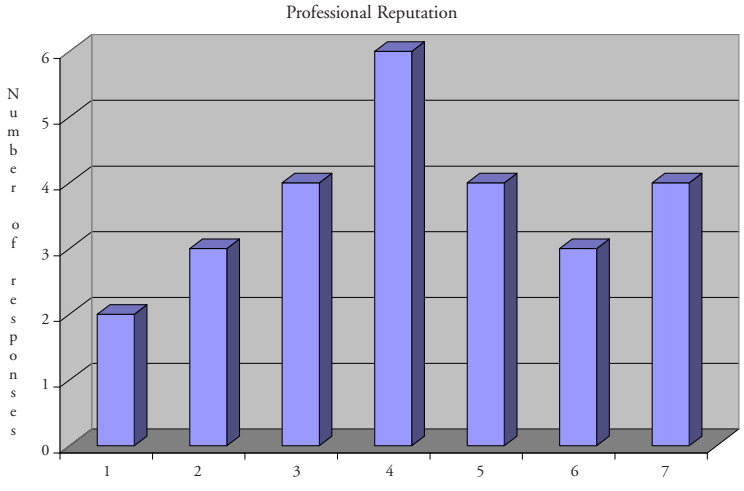
6) This is a tough question, a lot of the complexity caused by the chaotic scope of waiver and the willfulness inference and local laws re: evidentiary issues.

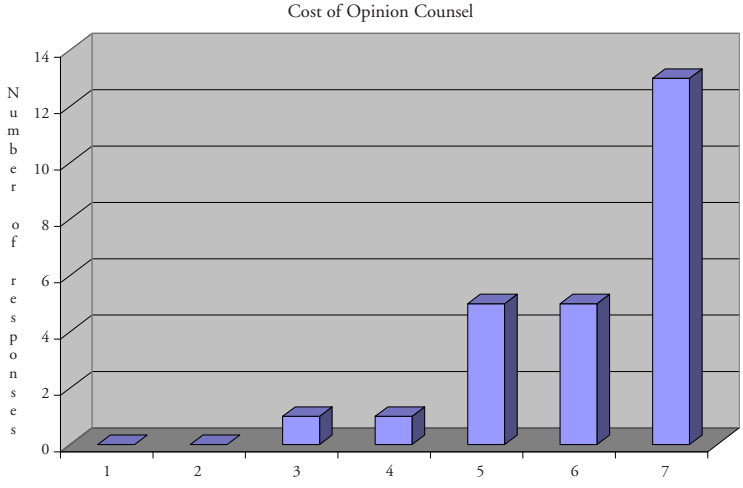
7) Yes, if it is normal practice and if no threat of infringement has been received and there is no reasonable apprehension of suit.

Q18. Rank the following from 1 to 7 in their importance (with 1 being the highest) for selecting opinion counsel:








Cost of Opinion Counsel
Number of responses
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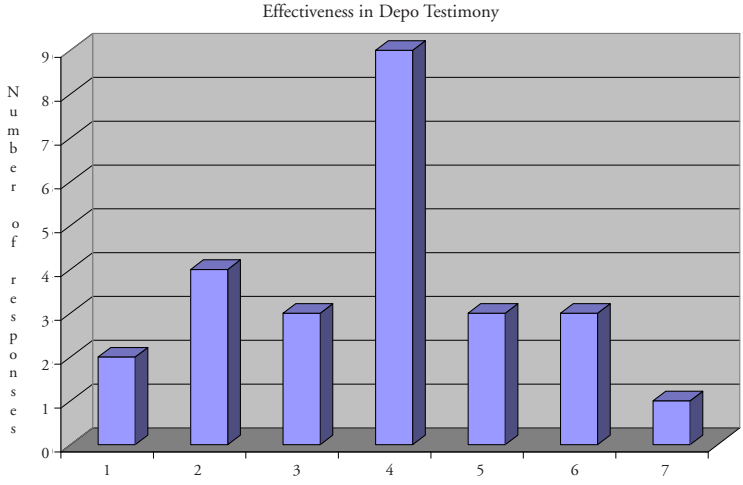
Effectiveness in Depo Testimony
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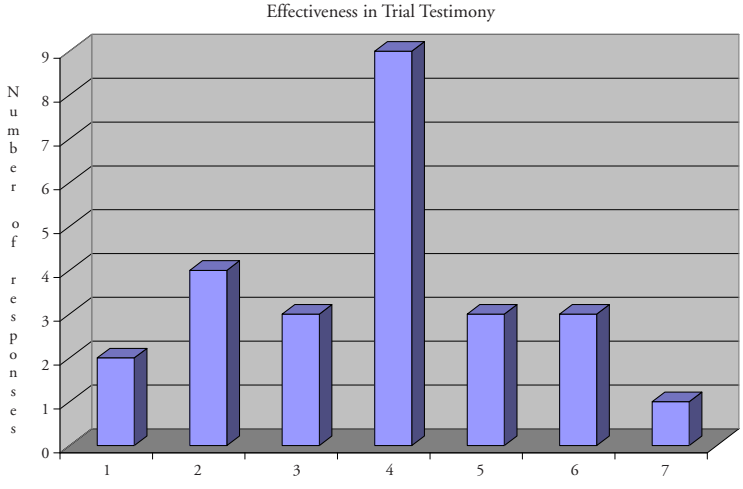
Effectiveness in Trial Testimony
Number of responses
0
1
2
3
4
5
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7
8
9
1
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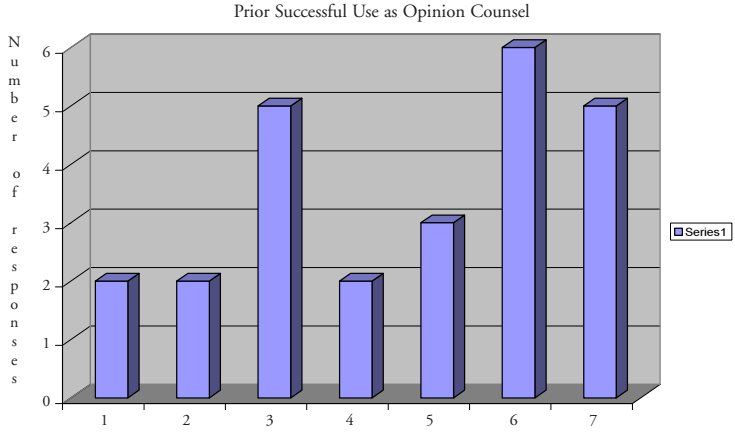
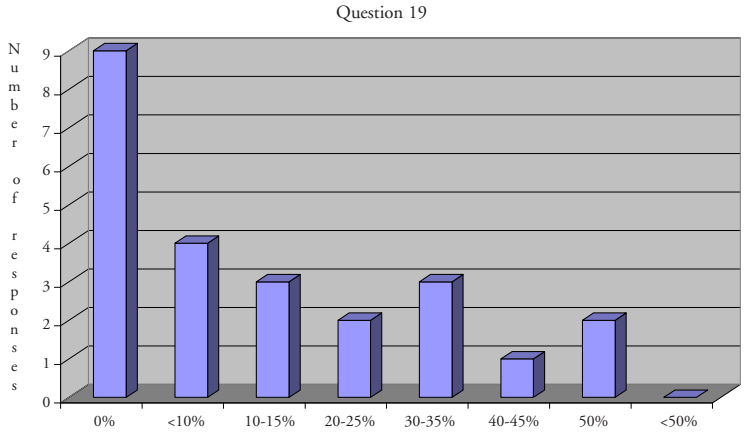
7



Q19. In what percentage of your cases do you deliberately elect not to obtain opinion of counsel?



Comments:

1) Increasing.

2) Strong defense to a weak patent and cost is an issue.

3) Some cases have such low damage exposure that may not be worth it.

4) Few.

5) Many cases I am involved with, the cost is #1 problem. The prior question assumed opinion counsel was going to be selected. Smaller companies cannot afford full cost patent litigation, and this is a cost often cut right off the bat.

6) Only if patent has expired.

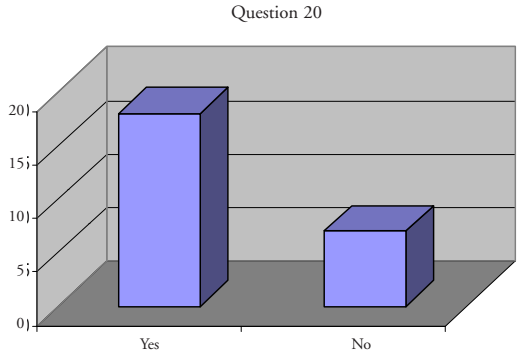
7) If we get sued or notice letter as a general practice but with some exceptions.

8) It is rare – given current law.

9) With respect to all patents my company may have "knowledge" of , about a third do not pursuant any measurable risk of litigation or damage.

10) Depends.

Q20. Do you subscribe to the strategy that opinions should be written primarily for the Court rather than for the client?



Comments:

1) Depends on whether the client wants an opinion that describes risks of error.

2) Opinions should be used primarily as an additional non-infringement/invalidity argument under current law.

3) Write for client first, but for court as close second.

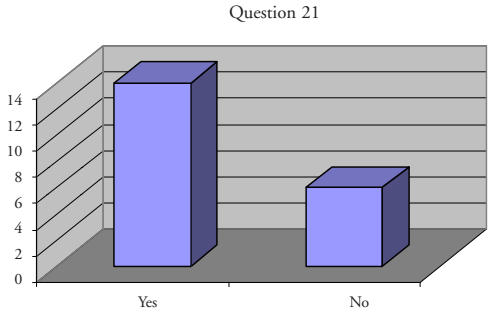
4) They should be written with the idea in mind that a fact finder court eventually see them, but that should not drive the process.

5) Of course the opinion has to be an effort to give a real opinion, which client must read and consider, but the presentation has to be for an ultimate exhibit.

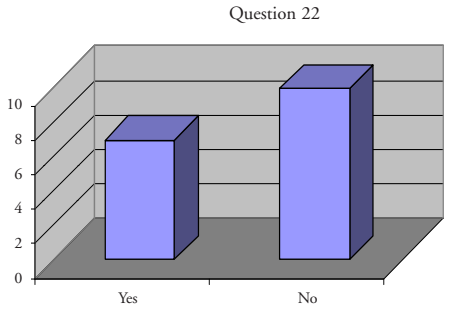
6) As a client, we're satisfied with oral opinions. Written opinions are a litigation defense tool.

7) Opinions need to be credible and assist the client in design strategies.

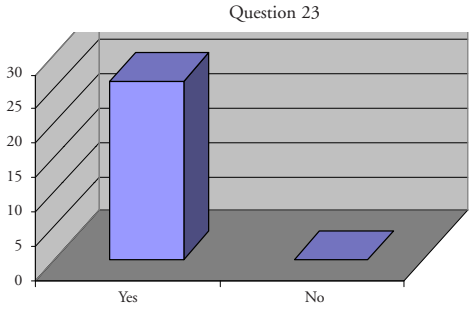
Q21. If you subscribe to the strategy that opinions should be written primarily for the Court, should they be simplified so as to distill the defense to a level easily understood by the Court?



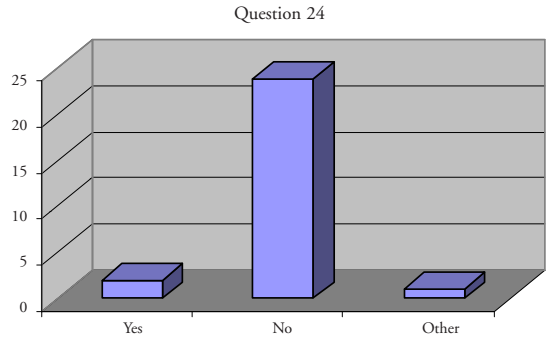
Q22. When acting as opinion counsel are you worried that you will be found liable for legal malpractice in a situation where willfulness is found and enhanced damages and/or attorneys fees are awarded?



Q23. Do you believe that the Federal Circuit should reverse the "negative inference rule"?



Q24. If a trial counsel tells his client that the client has a "difficult case" on the issue of patent infringement, should that conversation be discoverable if that opinion differs from a waived opinion of Opinion Counsel?



Comments:

1) I try to give litigation risk advice not patent advice. Court should not.

2) No, the changing tide of litigation is not relevant, there must be a time fixed to measure state of mind if indeed state of mind has any relevance.

3) It should not be discoverable because it undermines the ability of attorneys to counsel their clients

4) No, that would be no different from allowing discovery into the details of the trial team's preparation for trial – there are always some issues that might cause spirited debate and even differences of opinion within the trial team, within client's ranks, within opinion counsel's ranks, etc. This would be a horrible result!

5) Absolutely not – there is a distinction between work product and attorney client privilege. Further, litigation counsel assesses litigation risk – which factors in many things, not just patent claims and scope.

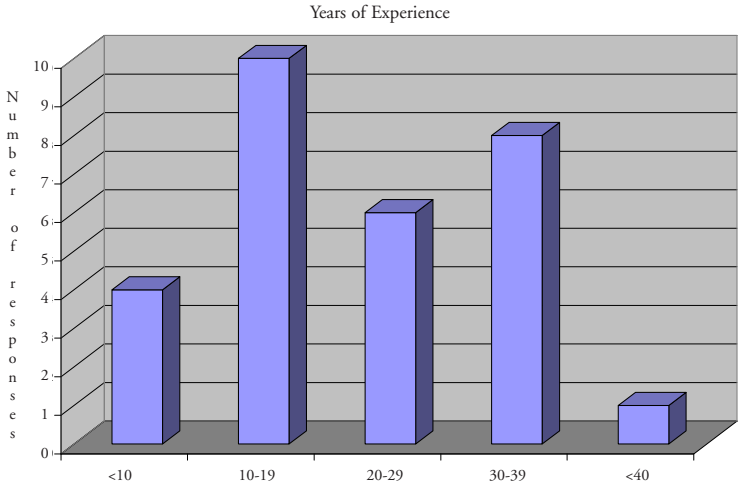
6) Not if the opinion was pre-litigation and the trial counsel information after litigation of both are after litigation, then both should be discoverable.

7) Not after waiver extends to trial counsel (under current law).

Please check appropriate box which best describes your practice:

0	Judge:
8	General practice firm
7	In-house counsel
0	Company
11	Patent boutique
7	Litigation boutique
0	Government
0	University
0	USPTO
0	Licensing company

Please list your years of experience in patent matters:



Your percentage representation: