TechRoadmap Directions

Intellectual Property Issues of Interest to High Tech Companies

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in this issue

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- **US Patent Office** A host of useful, official information.
- **EKMS, Inc.** A strategic IP management partner of TechRoadmap.
- **The Patent Cafe** An on-line portal for IP matters.
- **AlvaMed, LLC** A medical device consulting company we work with.
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Welcome

Unless you are in a commodity business – and if you're reading ***Directions*** that's unlikely – you have to be sure of your **freedom to operate**.That is, does someone have a patent that can block you from making or selling your product. If they do, you had best negotiate a license or do a "design-around" to eliminate the patented technology from your product.

Doing a design around, however, carries its own risks. If you are in "design-around" mode you are acknowledging that you are treading on the border of someone else's intellectual property. In the case of U. S. Surgical, their attempt to replace an infringing product with a non-infringing design-around not only failed, but also left them paying a penalty for willful infringement. Read A Design-Around Boomerang to learn more.

- **Avoiding the Boomerang**

Trying to do a design-around can boomerang back to hit you in the head. Once you know there's the potential for infringing a patent, you must use extra care in your design process to avoid willful infringement.

Acting as your Director of Intellectual Property, TechRoadmap will be the translator who makes sure the attorney's opinion is understood by your engineers and your design around approach is understood by your attorney.

- **A Design-Around Boomerang**

In 1997, U.S. Surgical (USS) was faced with a dilemma. They had just been guilty of willfully infringing a patent owned by Applied Medical Resources (AMR), ordered to pay a judgment of $20.5 million, and, worst of all, been permanently enjoined from selling their Versaport trocar (device used in laparoscopic surgery) after May 20, 1997. **Unable to secure a license from AMR, USS redoubled its effort to produce a new trocar by designing around the patent**.

On June 2, 1997, USS started selling the new Versaport trocar. Unfortunately, they were again sued for patent infringement by AMR and **again found guilty of infringement**. And not just infringement, but, for a second time, **willful infringement**. This time the judgment of $64.5 million included enhanced damages based on the willfulness finding. USS appealed both the calculation of the judgment and the determination of willfulness.

What went wrong? **Isn't the whole idea of "designing around" that you avoid infringement?** Yes, but as this case shows, by entering a design around effort you are explicitly acknowledging that your product comes very close to the protected boundary of a patented technology. With that acknowledgment comes some other responsibilities. **To protect yourself** you need to establish that part of your design-around process is to **obtain a legal opinion** that your product is not infringing. This is a "freedom to operate" opinion. You can help your attorney (and provide support for your case in court, if needed) by maintaining clear records in your invention notebook system of the steps you have taken to avoid infringing.

It's NOT a good idea to pretend you don't know about the potential infringement; avoiding the name "design around", feigning ignorance of the patent in question, and engaging in other sham exercises are only likely to hurt you in court when the truth comes out. **You are much better off having evidence of your pro-active, good faith effort to avoid infringement.**

In USS's case, they of course had to acknowledge they were in a design-around effort; unfortunately **the evidence pointed to this effort as lacking in good faith**. The court found USS (1) desperately needed a trocar with a floating seal to satisfy its customer demands, (2) began its redesign efforts only in response to the threat of an injunction in the earlier infringement case, (3) did not give its engineers sufficient time to avoid an infringing design, (4) did not rely upon any opinions of counsel in good faith (they started selling the redesigned product before receiving the opinion), and (5) continued selling its infringing trocars for eight months after the ruling of infringement.

Don't let your design-around efforts come back to haunt you. Engage experienced and professional help to keep you on the right side of the IP property line.

- **You Told me What You Thought.**

Last month's issue of ***Directions*** used a more "homey" approach to discuss why a provisional application was only a reservation for patent protection. I asked for your opinion if you liked the new voice.

Well, the results are in. People who are technical or patent professionals preferred the old voice, people who were only peripherally involved with IP liked the new. Given the demographics of ***Directions*** readership, it's back to the old!

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