FOR THE RECORD

BY CRAIG M. SANDBERG

U.S. Court of Appeals for the Seventh Circuit Holds that the Board of Regents of the University of Wisconsin System Did Not Waive Its Sovereign Immunity by Appealing an Agency Decision to the District Court

On December 28th, in an 85-page opinion, Circuit Judge John D. Tinder, writing on behalf of a split three-judge panel of the U.S. Court of Appeals for the Seventh Circuit (*Board of Regents of the University of Wisconsin System v. Phoenix International Software, Inc.*; Docket No. 08-4164), reversed, in part, the district court's entry of summary judgment, in an appeal of a civil action (pursuant to 15 U.S.C. § 1071(b)) that challenged the cancellation of the University of Wisconsin's ("the University") registration mark, CONDOR, for certain software, which was done by the Trademark Trial and Appeal Board ("TTAB" or "the Board") of the United States Patent and Trademark Office ("PTO"). The appellate court held that summary judgment was improper on the issue of likelihood of confusion, but the panel majority ruled that the U.S District Court for the Western District of Wisconsin was correct in holding that the University, as a state agency, was protected by the Eleventh Amendment from Phoenix's counterclaims and did not waive its sovereign immunity by bringing the action for review of the Board's decision.

Based on certain factual findings and inferences drawn therefrom, and applying relevant law, the TTAB found that Phoenix had met its burden of proving the likelihood of confusion and granted Phoenix's petition to cancel the University's registration of the CONDOR mark. It noted that "the marks are identical in every aspect" and that both products perform similar functions. The TTAB concluded that "we cannot find that they are used in unrelated fields" and that "[e]ven sophisticated purchasers would likely believe that there is some relationship or association between the sources of the goods under these circumstances."

The University brought a civil action under Section 1071(b) of the Trademark Act, in the district court, to challenge the TTAB's decision. In the district court (considered both an appeal and a new action), Phoenix sought to further develop and supplement the record of evidence (as permitted by *CAE, Inc. v. Clean Air Eng'g, Inc.*, 267 F.3d 673 (7th Cir. 2001)) to bolster respective cases. However, the district court rejected the proffered evidence on the grounds that it was filed with Phoenix's reply brief instead of in its initial proposed findings of fact, in violation of a local rule (LR 56.1). Phoenix did not, on appeal, argue that it did, in fact, comply with the local rule. Thereafter, the district court found for the University when it determined that the TTAB opinion was erroneous, and Phoenix's evidence before the district court was relevant only to the analysis adopted by the TTAB.

The Court of Appeals, on the issue of likelihood of confusion, reversed and remanded the matter for a trial on the issue because it reinstated the TTAB's findings and, further, determined that Phoenix offered sufficient evidence to survive summary judgment on the issue of confusion. Notably, the University did offer new evidence to rebut the TTAB's findings. The question is not whether purchasers of Phoenix's Condor product would accidentally buy the University's product, but whether those consumers would likely attribute them to a single source.

Significantly, the division of the appellate panel came on the issue of whether to affirm the district court's dismissal of Phoenix's counterclaims against the University due to sovereign immunity. "The Eleventh Amendment bars suits against states and restores 'the sovereign immunity that the States possessed before entering the Union.' There are two relevant exceptions to the sovereign immunity guarantee. The first occurs when Congress acts pursuant to the Fourteenth

Amendment to regulate state behavior. The second occurs when a state waives its sovereign immunity by consenting to suit."

The majority first ruled that the Trademark Remedy Clarification Act (TRCA), which established state liability for trademark violations, "is not materially different from the Patent Remedy Act found unconstitutional in *Florida Prepaid* [*Postsecondary Educ. Expense Bd. V. College Savings Bank*, 527 U.S. 627 (1999)]." The Court noted that the Supreme Court found that the Patent Remedy Act The majority concluded that the TRCA did not "abrogate" the University's state sovereign immunity.

The court then addressed the issue of whether Wisconsin had waived its immunity by (1) "choosing to participate in the federally regulated trademark process," or (2) invoking "the jurisdiction of the district court pursuant to 15 U.S.C. § 1071(b). The majority rejected both of these arguments and concluded the University's receipt of trademark registration was not "conditioned on a waiver of immunity" and, further, that the University's district court filing was a result of having "originally been haled into litigation with Phoenix involuntarily."

Circuit Judge Diane P. Wood, in her 46-page dissent, contended, inter alia, that the University waived its sovereign immunity by its "litigation conduct that is inconsistent with an assertion of sovereign immunity." Judge Wood stated that "while I agree with the majority that the case must be remanded for a trial on the question whether there is a likelihood of confusion between Phoenix's CONDOR mark and Wisconsin's CONDOR mark, I would also reinstate Phoenix's counterclaims for damages based on trademark infringement and false designation of origin."

First District Appellate Court of Illinois Remand for New Trial Medical Malpractice Action Where Trial Court Refused to Bar Defendant's Consulting Expert Who Became a Testifying Expert

On December 23, Justice Margaret Stanton McBride writing on behalf of the Appellate Court of Illinois, First District (*Román v. Children's Heart Center, Ltd.*; Docket No. 1-09-1217) reversed the circuit court's order denying plaintiffs' request to bar defendant's expert from testifying at trial. The Appellate Court found that an "Agreed Order" entered into during discovery that authorized defense counsel only to "continue to *retain, consult with and communicate* with his retained consulting pediatric cardiology expert [about any and all aspects of Luis' care and treatment, medical conditions, injuries, and damages occurring before he came under James E. Lock, MD's care in 2003]" and, further, said order gave no indication that it either permitted or contemplated that Lock would take the stand as a defense expert witness.

Plaintiff Luis San Román was born in 1986 in Madrid, Spain, with cyanosis–he was a "blue baby"–suffering from a heart condition which deprived his body of oxygen and is known as transposition of the aorta or transposition of the great arteries. In a normal heart, oxygen-poor blood returns from the body to the right atrium, travels to the right ventricle, is pumped through the pulmonary artery into the lungs, where it picks up oxygen, and oxygen-rich blood travels from the lungs to the left atrium, into the left ventricle, and is pumped through the aorta out to the body. In Luis' heart, however, two, nearly separate circulations formed in which oxygen-poor blood flowed from the right atrium directly to the aorta where it returned to the body, and oxygen-rich blood flowed from the left atrium right back to the lungs. He also, however, suffered from stenosis (narrowing) of the pulmonary artery, and introducing a Blalock-Taussig shunt within weeks of his birth facilitated a weak but normal exchange of blood through his heart. The blood flow was made more efficient by Rastelli surgery when Luis was five, in which a donor artery was used to connect his right ventricle to his pulmonary artery and an artificial baffle and homograft (donor tissue) were inserted to connect his left ventricle to his aorta. It was anticipated that Luis would outgrow the baffle and would need further surgery. This was Luis' situation by the time he was 13, when the San Román family was residing in Barcelona, Spain.

On June 22, 1999, in an attempt to delay open heart surgery, defendant Chicago surgeon Carlos E. Ruiz, M.D., who was then employed by defendant Children's Heart Center, Ltd., at Rush-Presbyterian-St. Luke's Medical Center, used a heart

continued on page 71

For The Record
continued from page 10

catheterization process to insert a stent in Luis' left ventricle. The procedure was not successful, Luis' mitral valve was torn during the attempt, he went into heart failure, and he suffered a series of strokes (which are a known risk in any cardiac procedure). He underwent open-heart surgery and he spent about a month in the hospital. Examinations by a cardiologist and a neurologist five weeks later indicated Luis was emotionally traumatized by his experience and that long-term physical concerns included vision abnormalities and potential cognitive deficits.

In 2001, Luis and his father Miguel sued Ruiz and Ruiz's employer, contending the doctor recommended and performed the catheterization without informing the San Román family it was experimental and very risky and that open-heart surgery would have been the better choice.

On August 28, 2001, Ruiz's defense attorney retained physician James E. Lock, M.D. of Children's Hospital Boston and forwarded unspecified documents for his review.

In June 2003, a Chicago surgeon who began treating Luis after the failed catheterization referred Luis to Lock as the more experienced practitioner. Without informing the San Román family that he was assisting the defense attorney, Lock performed a catheterization procedure on the teenage boy in July 2003. The San Román family updated their attorney about Luis' care, the attorney relayed this information to the defense attorney, and the defense attorney contacted Lock on August 21, 2003, to confirm that he had treated or was treating Luis. On August 25, 2003, Lock verbally confirmed to defense counsel that he performed the procedure on Luis in July 2003. After this confirmation, Lock continued to assist the defense but neither he nor defense counsel advised the San Román family or their attorney of the relationship.

Instead, on September 12, 2003, Ruiz filed a motion for protective order seeking the defense attorney's "right to continue to use Dr. James Lock as his retained consultant as has been the case for the two years before 'treating physician' status occurred." The Agreed Order stated, in pertinent part, as follows: "[1.] [The motion] *** is granted. Defendant DR. RUIZ (and his attorneys and representatives) may continue to retain, consult with and communicate with his retained consulting pediatric cardiology expert Dr. James Lock as to any and all matters relating to the care and treatment of the plaintiff LUIS SAN ROMÁN rendered by DR. RUIZ and others at Rush-Presbyterian-St. Luke's Medical Center and any and all medical conditions, alleged injuries and damages flowing therefrom before the care and treatment rendered by Dr. James Lock or others at Boston Children's Hospital to the plaintiff LUIS SAN ROMÁN. [2.] Nothing in this order authorizes defense counsel or representatives of defendant CARLOS RUIZ, M.D. to obtain medical records or information through means other than formal discovery ***." Although lawyers on both sides of the case were now aware of Lock's dual relationship, the San Román family was not when Lock rendered "some brief follow-up [to Luis] in 2004.

The San Románs' attorney deposed Lock in late July 2005 and learned that he had never disclosed to the family or their referring physicians that he was helping Ruiz's attorney. Up until that point, the San Románs' attorney believed his clients had been advised of Lock's dual role.

On November 17, 2005, the San Románs filed a motion to bar Ruiz and his attorneys from any further *ex parte* communication with Lock and to bar Lock from testifying for the defense, on grounds that the physician-patient relationship created a duty of confidentiality, and to compel production of all communications which had occurred, so Luis could determine if his confidences had been breached. In a written order entered on January 18, 2006, the trial judge denied the motion, reasoning that parties act through their lawyers, and in this case, the lawyers agreed to the order entered on September 19, 2003, which "granted defendant Dr. Ruiz the right to continue to utilize Dr. Lock as his retained expert." The judge rejected for lack of evidence the suggestion that Lock deliberately and dishonestly withheld from the San Románs that he had become an expert for the defendants and that the San Románs would have acted differently if told.

A motion for reconsideration was denied on March 21, 2006. A petition to the Illinois Supreme Court for a supervisory order regarding Lock's association with and testimony for the defense, was denied on June 7, 2006.

On March 16, 2007, in compliance with the rules regarding pretrial discovery, Ruiz tendered his witness list indicating Lock would testify both as an independent expert witness pursuant to Rule 213(f)(2) in his capacity as Luis' treating physician and as a controlled expert witness pursuant to Rule 213(f)(2) opining on Ruiz's treatment of Luis. A year and a half after that, a jury trial commenced on August 1, 2008, and ended in a verdict for Ruiz and the Children's Heart Center on August 15, 2008. The San Románs' posttrial motion was denied in a written order dated April 23, 2009.

The Appellate Court concluded that "[i]t appears that at the time, no one, not even defense counsel, anticipated calling Lock to testify before the judge or jury. Ruiz's choice of words limited Lock's role to an advisory capacity. An agreed order is not a judicial determination of the parties' rights, it is a recitation of an agreement between the parties which is subject to the rules of contract interpretation (*Kandalepas v. Economou*, 269 Ill. App. 3d 245, 252, 645 N.E.2d 543, 548 (1994)), and we cannot find any indication in this agreed order that Lock would take the stand as a defense expert witness. The parties did not agree that Lock could testify against his own patient." The Appellate Court opined that the judge accurately concluded that the San Románs consented to and waived a *Petrillo* [*Petrillo v. Syntex Laboratories, Inc.*, 148 Ill. App. 3d 581, 499 N.E.2d 952 (1st Dist. 1986)] objection, but had no basis for also concluding they consented to and waived objection to their physician's appearance as a defense expert witness. The plaintiffs are entitled to a new trial, which does not include Lock as a defense expert witness. ■