

Willful Infringement and Attorney Opinions After Seagate – What’s Next?

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In August of last year, the Federal Circuit, in an en banc decision, rewrote the willful infringement standard that had stood for almost twenty-five years.² *In re Seagate* came before the Federal Circuit as a mandamus petition objecting to a district court’s order requiring the disclosure of privileged communications and work-product of any Seagate counsel, including Seagate’s trial attorneys and in-house counsel, relating to infringement, invalidity and enforceability of the patents-in-suit.³ Sua sponte, the Federal Circuit took-up the case en banc and expanded the scope of review by requesting that the parties also consider the propriety of the Court’s willfulness standard articulated in *Underwater Devices, Inc. v. Morrison-Knudsen Co.*, 717 F.2d 1380 (Fed. Cir.1983). In *Seagate*, the Federal Circuit overruled *Underwater Devices* by discarding the affirmative duty of due care and instituting an objective recklessness standard.⁴ The Federal Circuit’s decision also re-emphasized there is no affirmative duty to obtain an opinion and clarified the scope of waiver when a defendant does rely on an opinion from counsel.⁵ Clearly, *Seagate* announced a sea change in the consideration of willful infringement and has left numerous questions for district courts to answer.

The Development of the Willful Infringement Standard and Associated Advice of Counsel Inference

Less than a year after its creation, the Federal Circuit imposed an affirmative duty on all to avoid infringement of valid patents in *Underwater Devices*. The case presented quite egregious facts concerning the defendant’s respect for the patent-in-suit. Despite the acquiescence of several companies in the industry to the patent-in-suit through the acceptance of a license, the defendant in *Underwater Devices* refused the patentee’s licensing offer. The defendant based its refusal on bald assertions of patent invalidity and the general assertion that

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² See *In re Seagate Technology, LLC*, 497 F.3d 1360, 1371 (Fed. Cir. 2007)(en banc).

³ *Id.* at 1366-1367

⁴ *Id.* at 1371.

⁵ *Id.* at 1374-1375.

courts, in recent years, had invalidated about 80% of the patents in litigation.⁶ The defendant further believed that if the patentee sued, it could then negotiate a royalty equivalent to its cost of defending the litigation at that time.⁷ The defendant received this advice from a non-patent attorney in-house counsel who had not reviewed the patent's file history.

After reviewing these facts, the Federal Circuit held that a defendant with actual notice of another's patent rights has an affirmative duty to exercise due care to determine whether or not its activities infringe the patent.⁸ This duty includes "the duty to seek and obtain competent legal advice *before* the initiation of the possible infringing activity."⁹ In determining the competency of the advice, courts could consider whether the attorney was an in-house counsel, was a patent attorney and had reviewed the file history.¹⁰ These factors are not determinative, but are important to the determination of whether the defendant had exercised due care.

Underwater Devices discussed neither the scope of waiver of the attorney-client privilege associated with the reliance on an opinion of counsel as a defense to a willfulness allegation nor any inference or presumption when a party asserted privilege and shielded the opinion from disclosure. The Federal Circuit addressed the latter issue in a subsequent case. In *Kloster Speedsteel AB v. Crucible Inc.*, 793 F.2d 1565 (Fed. Cir. 1986), the Federal Circuit stated that if a defendant does not rely upon the advice of counsel to refute a charge of willful infringement, the "silence on the subject . . . would warrant the conclusion that it either obtained no advice of counsel or did so and was advised that its importation and sale of the accused products would be an infringement of valid U.S. patents."¹¹ In a later case, the Federal Circuit revisited this issue and clearly stated that a trial court must be free to infer that the defendant failed to obtain an opinion or the opinion was negative if a defendant fails to introduce an exculpatory opinion.¹² Thus, the adverse inference was born.

⁶ *Underwater Devices*, 717 F.2d at 1385.

⁷ *Id.*

⁸ *Id.* at 1389.

⁹ *Id.* at 1390 (emphasis in original).

¹⁰ *Id.*

¹¹ *Kloster Speedsteel AB v. Crucible, Inc.*, 793 F.2d 1565, 1580 (Fed. Cir. 1986).

¹² *Fromson v. Western Litho Plate and Supply Co.*, 853 F.2d 1568, 1572-1573 (Fed. Cir. 1988) ("Where the infringer fails to introduce an exculpatory opinion of counsel at trial, a court must be free to infer that either no opinion was obtained or, if an opinion were obtained, it was contrary to the infringer's desire to initiate or continue its use of the patentee's invention.").

The Pendulum Swings Back on the Willful Infringement Standard and Adverse Inference

By 1988, the Federal Circuit had clearly established that a defendant had an affirmative duty to avoid the infringement of known patents. The duty included a requirement to obtain an exculpatory opinion of counsel. Not surprisingly, a requirement that a defendant obtain and eventually disclose advice of counsel to avoid an adverse inference created a tension with a defendant's right to shield discussions with its counsel under the attorney-client privilege and the work-product doctrine. Nevertheless, as case law developed, courts found that a defendant's reliance on and disclosure of advice of counsel waived the privilege associated with that advice.¹³ This waiver extended not only to the opinion itself but to other privileged communications that related to the advice communicated.¹⁴ Courts following the dictates of the Federal Circuit applied these standards for over fifteen years. However, four years ago, the Federal Circuit began to swing the pendulum back in favor of the defendants.

In 2004, the Federal Circuit acting en banc overruled *Kloster Speedsteel AB* and its progeny and held that a defendant's reliance on the attorney-client privilege or work-product doctrine to prevent the disclosure of an opinion of counsel did not result in an adverse inference with respect to willful infringement.¹⁵ Further, the Court stated that potential infringers did not have a duty to seek advice of counsel to avoid an adverse inference that such advice would have been negative.¹⁶ Although the Federal Circuit's *Knorr-Bremse* decision began to swing the pendulum in alleged infringers' favor, the decision was not a complete victory for potential infringers. In the final question presented, the Federal Circuit rejected the argument that a substantial defense to infringement sufficed to defeat liability for willful infringement where a party did not seek pre-litigation advice.¹⁷ Instead, the Court held that this was simply one factor to consider as part of the "totality of circumstances" and did not override the other factors used to determine whether a prudent person would have a sound basis to believe that the patent was

¹³ See, e.g., *Fort James Corp. v. Solo Cup Co.*, 412 F.3d 1340, 1349 (Fed. Cir. 2005); *Abbott Lab v. Baxter Travenol Lab, Inc.*, 676 F.Supp. 831, 832 (N.D. Ill. 1987); *McCormick-Morgan, Inc. v. Teledyne Indus., Inc.*, 765 F.Supp. 611, 613 (N.D. Cal. 1991); *Thorn EMI N. Am., Inc. v. Micron Tech., Inc.*, 837 F.Supp 616, 622 (D. Del. 1993); *Micron Separations, Inc. v. Pall Corp.*, 159 F.R.D. 361, 363-365 (D. Mass 1995).

¹⁴ *Id.*

¹⁵ *Knorr-Bremse Sys. Fuer Nutzfahrzeuge GMBH v. Dana Corp.*, 383 F.3d 1337, 1344 (Fed. Cir. 2004).

¹⁶ *Id.*

¹⁷ *Id.* at 1347.

either not infringed, invalid or unenforceable.¹⁸ Interestingly, Judge Dyk’s concurrence-in-part indicated a willingness to swing the pendulum further in the defendant’s favor when he suggested that the duty of due care conflicted with Supreme Court precedent that holds punitive damages can only be awarded in situations where the conduct is reprehensible.¹⁹ Considering that the duty of care standard conflicts with this Supreme Court precedent and, in Judge Dyk’s view, does “nothing to benefit the patent system”, Judge Dyk suggested proclaiming this duty a relic of the past and eliminating it as a factor in the willfulness analysis.²⁰

Although the removal of the adverse inference associated with the failure to obtain or turn over opinions of counsel alleviated some burdens upon the defendant, *Knorr-Bremse* had not relieved a defendant of its affirmative duty of due care to avoid infringement. Since *Knorr-Bremse* rejected the argument that a substantial defense at trial negated a finding of willful infringement, in many instances, defendants still chose to waive the attorney-client privilege by providing exculpatory opinions to refute claims of willful infringement.

In re Echostar Communications Corp., 448 F.3d 1294 (Fed. Cir. 2006) presented the Federal Circuit with a case where a defendant decided to rely upon an opinion of counsel. In that matter, the Federal Circuit confronted the scope of waiver associated with the advice of counsel defense. The defendant relied upon the advice of counsel to refute the patentee’s willful infringement claim. Before the institution of the infringement action, the defendant obtained and relied upon the advice of in-house counsel. After the filing of the action, the defendant sought additional advice from outside counsel concerning the patent, but choose not to rely upon that advice at trial.²¹ The Federal Circuit held that defendant’s reliance on any advice of counsel waived the attorney-client privilege for all communications relating to the same subject matter, including communications with counsel other than those providing the opinion upon which the defendant relies.²² The Federal Circuit went on to define the categories of information that a defendant waives when relying upon advice of counsel.

The disclosure of a privileged opinion presents courts with a decision as to whether that disclosure waives the following categories of work-product: (1) documents that embody the

¹⁸ *Id.*

¹⁹ *Id.* at 1348.

²⁰ *Id.* at 1350-1352.

²¹ *Id.* at 1297.

²² *Id.* at 1299.

communications between the attorney and the client on the subject matter in question; (2) documents analyzing the subject that reflect the attorney’s mental impressions that were not shared with the client; and (3) documents that discuss the communications between the attorney and the client, but were not shared with the client.²³ Having found a waiver of the first type at the outset of its opinion in *Echostar*, the Federal Circuit addressed the remaining two categories. The Court determined that the reliance on an opinion of counsel waived the third category. But the Court protected the sanctity of an attorney’s analysis of the law, facts and trial strategy that was not shared with the client when it refused to extend the waiver to the second category.²⁴ As such, reliance on advice of counsel waives the “immunity for any document or opinion that embodies or discusses a communication to or from [the defendant] concerning whether the patent is valid, enforceable, and infringed.”²⁵ The waiver applies to both the attorney-client privilege and work-product immunity. With this understanding, the Federal Circuit defined the waiver to include communications with attorneys other than the attorney upon whose opinion the defendant relies.

Since *Echostar* defined the waiver to include attorney opinions other than those upon which the defendant relies, many trial courts began to extend the waiver of the attorney-client privilege and work-product immunity to not only opinion counsel, but to trial counsel also.²⁶ Such a ruling led to the mandamus petition in *In re Seagate Technology LLC*, 497 F.3d 1360 (Fed. Cir. 2007) (en banc). The defendant in *Seagate* had informed the patentee that it intended to rely upon three opinions of counsel provided by an outside attorney.²⁷ The patentee then moved the district court for an order requiring that the defendants produce any communications and associated work product of Seagate’s other counsel, including trial counsel. The district court granted this request and Seagate filed a mandamus petition.²⁸ Although Seagate directed the mandamus petition only to the scope of waiver, the Federal Circuit decided, sua sponte, to address, en banc, the scope of waiver and the correctness of the affirmative duty of due care

²³*Id.* at 1302.

²⁴*Id.* at 1303.

²⁵*Id.* at 1304.

²⁶ See, e.g., *Lifenet, Inc. v. Musculoskeletal Transplant Foundation, Inc.*, 490 F.Supp.2d 681, 688 (E.D. Va. 2007); *Informatica Corp. v. Bus. Objects Data Integration, Inc.*, 454 F. Supp. 2d 957 (N.D. Cal. 2006).

²⁷*Id.* at 1366.

²⁸*Id.* at 1366-1367.

standard established in *Underwater Devices*. The Federal Circuit outlined three questions that it would address:

1. Should a party's assertion of the advice of counsel defense to willful infringement extend the waiver of the attorney client privilege to communications with that party's trial counsel? *See In re Echostar Commc'n Corp.*, 448 F.3d 1294 (Fed. Cir. 2006).
2. What is the effect of any such waiver on work-product immunity?
3. Given the impact of the statutory duty of care standard announced in *Underwater Devices, Inc. v. Morrison-Knudsen Co.*, 717 F.2d 1380 (Fed. Cir. 1983), on the issue of waiver of attorney-client privilege, should this court reconsider the decision in *Underwater Devices* and the duty of care standard itself?²⁹

After tremendous interest through amicus briefs and at the oral argument, the Federal Circuit issued an opinion on August 20, 2007 in which all of the participating jurists agreed to do away with the affirmative duty of care standard.³⁰ In coming to this conclusion, the Court began by analyzing the term "willful." Since the term "willful" is not unique to patent law, the Court reviewed willful acts in other contexts.³¹ The Federal Circuit found that in these contexts the term "willful" related to reckless behavior and that the duty of care standard announced in *Underwater Devices* inappropriately set a lower threshold that was more akin to negligence.³² Thus, the Federal Circuit expressly overruled the affirmative duty of care standard and provided a new standard to determine willful infringement.^{33, 34}

The new standard for willful infringement announced by the Court requires two specific findings. A patentee must show by clear and convincing evidence that the defendant acted despite an objectively high likelihood that its actions constituted infringement of a valid patent. The defendant's state of mind is irrelevant to this threshold objective inquiry. If the patentee establishes the objective inquiry, then the patentee must show that the defendant knew or should have known of this objectively defined risk.³⁵ Although the Federal Circuit articulated a new standard, it neither provided many clues as to the application of this standard nor explained the

²⁹ *Id.* at 1367.

³⁰ *Id.* at 1371. Chief Judge Michel and Judge Moore did not participate in the decision of the Court.

³¹ *Seagate*, 497 F.3d at 1370.

³² *Id.* at 1371.

³³ *Id.* at 1371.

³⁴ The Court reinforced its previous decisions that a defendant does not have an obligation to obtain an opinion of counsel. *Id.*

³⁵ *Id.*

applicability of the existing totality of circumstances test to the new standard.³⁶ The Court did note Judge Newman’s suggestion in her concurrence that courts should consider as one factor the standards of commerce in judging a defendant’s actions. Judge Newman’s concurrence, however, did not define standards of commerce.³⁷ The Federal Circuit left this and the other factors for future courts to develop.

After announcing a new standard to adjudge willful infringement, the Federal Circuit reviewed the scope of the waive associated with an advice of counsel defense. The Court concluded that, considering the significantly different functions of trial counsel and opinion counsel, the waiver should not extend to trial counsel.³⁸ Therefore, the waiver of the attorney-client privilege and work-product immunity related to a separate counsel’s opinion does not extend to trial counsel, absent exceptional circumstances or chicanery.³⁹

More importantly, when discussing the applicability of the waiver to trial counsel, the Federal Circuit noted that willfulness allegations ordinarily are grounded exclusively on pre-litigation conduct.⁴⁰ This renders trial counsel’s opinion inapplicable to whether the defendant had willfully infringed a patent because post-filing conduct is irrelevant to willful infringement. To the extent that the conduct by a defendant after initiation of the case is reckless, a patentee should rely upon a preliminary injunction motion to combat such conduct – not allegations of willful infringement.^{41, 42} These statements appear to set as a prerequisite a motion for a preliminary injunction before a patentee can seek enhanced damages for post-filing conduct.⁴³ Further, the failure of a patentee to succeed on such motion because the defendant has raised a substantial question with respect to infringement or validity, in many instances, will foreclose a

³⁶ Traditionally, when applying the *Underwater Device*’s standard, courts looked at the “totality of the circumstances.” In *Read Corp. v. Portec, Inc.*, 970 F.2d 816, 826-827 (Fed. Cir. 1992), the Federal Circuit identified many of the factors considered in analyzing the totality of the circumstances.

³⁷ *Seagate*, 497 F.3d at 1371, n. 5.

³⁸ *Id.* at 1373.

³⁹ *Id.* at 1374-1375.

⁴⁰ *Id.* at 1374

⁴¹ *Id.* at 1374.

⁴² The en banc *Seagate* panel appears to have borrowed from Judge Dyk’s concurrence-in-part and dissent-in-part in *Knorr-Bremse*. In that opinion, Judge Dyk stated that it was unnecessary to stretch willful infringement to protect a patentee because a patentee can secure a preliminary injunction upon learning of the infringement. If the patentee cannot secure a preliminary injunction because it cannot show a likelihood of success on the merits, then a substantial defense to infringement exists. *Knorr-Bremse*, 383 F.3d at 1351. The presence of a substantial defense should negate any basis for punitive damages. *Id.*

⁴³ *Seagate*, 497 F.3d at 1374.

finding of willful infringement.⁴⁴ This holding shows a reversal by the Federal Circuit of its view of a mere three years earlier in *Knorr-Bremse*.⁴⁵

Considering the Federal Circuit's view that post-litigation conduct is of little relevance to the willfulness analysis, the Court, not surprisingly, found communications with trial counsel of little relevance to the advice of counsel defense. The lack of relevance of this information led the Federal Circuit to state that defendant's reliance on opinions generated after filing of a complaint are of little significance to a defendant's support of its defense against willful infringement.⁴⁶ Following the dictates of the Federal Circuit in *Seagate*, district courts now must define the factors to consider when analyzing willful infringement and clarify the scope of waiver associated with the reliance on advice of counsel defense.

Questions Remaining and What Courts Have Done Since *Seagate*

Seagate created a new standard and clarified the scope of the waiver as applied to trial counsel. The decision, however, has created a litany of questions including:

- The applicability of the totality of the circumstance test;
- The definition of standards of commerce;
- The need for an opinion to refute willful infringement;
- Whether the failure of a defendant to obtain an opinion should be placed before a jury;
- The interplay between the lowered threshold of declaratory judgment jurisdiction recognized *SanDisk Corp. v. STMicroelectronics, Inc.*, 480 F.3d 1372 (Fed. Cir. 2007) and the need to show pre-litigation activity by a defendant with knowledge of the patent to support a finding of willful infringement;
- Whether trial strategy supports the receipt of an opinion if the defendant receives notice of the patent through a complaint;
- Whether a patentee can fail to obtain a preliminary injunction, but still succeed in its willful infringement argument;
- What type of activity by the trial counsel can result in the waiver of the trial counsel's advice along with the opinion counsel's advice; and

⁴⁴ *Id.*

⁴⁵ See *Knorr-Bremse*, 383 F.3d at 1347 (rejecting that the mere existence of a substantial defense to infringement defeats the liability for willful infringement).

⁴⁶ *Id.* at 1374.

- Can trial counsel and opinion counsel be from the same firm and still fall under the protection stated in *Seagate*.

Considering that the application of the *Seagate* opinion is still in its nascent stage, only a few courts have addressed willful infringement issues. However, some of these courts have articulated positions on a few of the issues above. Some of the early post-*Seagate* willful infringement cases have addressed the applicability of the totality of circumstances test. Absent a set of standards from the Federal Circuit, not surprisingly, the majority of district courts confronting willful infringement allegations post-*Seagate* have found that the *Read Corp.* factors associated with the totality of circumstances are still applicable to the willful infringement analysis.⁴⁷ Nevertheless, at least one court has questioned the applicability of the totality of circumstance test.⁴⁸ That court did not announce the test abrogated, however. Therefore, it appears courts have resoundingly answered the first question by finding the totality of the circumstances test alive and well.

Although several courts have validated the applicability of the totality of circumstances test, most courts have made little mention of standards of commerce. Thus, the answer to the second question remains unclear. Considering that courts still approve of the totality of the circumstance test, one wonders if the associated factors for that test will morph into standards of commerce factors. This appears to be the case in at least one case.⁴⁹ After stating that the Federal Circuit left open the method of applying the new standard, the court in *Lucent Tech., Inc. v. Gateway, Inc.*, 03-cv-1108, 2007 U.S. Dist. LEXIS 95934 *10-*11 (S.D. Cal. October 30,

⁴⁷ See *Rhino Associates, L.P. v. Berg Manufacturing and Sales Corp.*, 04-cv-1611, 2007 U.S. Dist. LEXIS 84291*12 (M.D. Pa. November 14, 2007) (“To determine whether an infringement is willful or in bad faith, the court must look at the totality of the circumstance”); *Lucent Tech., Inc. v. Gateway, Inc.*, 03-cv-1108, 2007 U.S. Dist. LEXIS 95934 *11 (S.D. Cal. October 30, 2007) (“*Seagate* does not suggest that the Federal Circuit intended to jettison the general approach of viewing willfulness under the totality of the circumstances”); *Trading Tech. Int’l, Inc. v. eSpeed Int’l, LTD*, 04-cv-5312, 2008 U.S. Dist. LEXIS 295 *4 (N.D. Ill. January 3, 2008) (“We agree with plaintiff that the court’s decision in *Seagate* did not alter the requirement that the totality of the circumstances must be taken into account when determining whether infringement was willful”); *Broadcom Corp. v. Qualcomm Inc.*, 05-cv-467, 2007 U.S. Dist. LEXIS 86627 *11 (C.D. Cal. November 21, 2007) (“The Court’s conclusion is that the absence of an opinion is one factor the jury may consider in reviewing the totality of circumstances in determining whether the alleged inducement was knowing”); *Energy Transportation Group, Inc. v. William Demant Holdings A/S*, 05-422 GMS Docket Entry No. (D. Del. January 4, 2008).

⁴⁸ See *Depomed, Inc. v. IVAX Corp.*, 06-cv-00100, 2007 U.S. Dist. LEXIS 91321 *12 (N.D. Cal. December 12, 2007) (“It is unsettled whether the Federal Circuit’s prior “totality of the circumstances” test is now abrogated, or whether the factors identified in *Read Corp. v. Portec, Inc.*, 970 F.2d 816, 826-27 (Fed. Cir. 1992), remain relevant to the willfulness inquiry.”)

⁴⁹ See *Lucent Tech., Inc. v. Gateway, Inc.*, 03-cv-1108, 2007 U.S. Dist. LEXIS 95934 *10-*11 (S.D. Cal. October 30, 2007).

2007) noted that the Federal Circuit had identified standards of commerce as a guide post. From there, the court launched into its analysis by focusing on the Federal Circuit's citation of *Safeco Insurance Co. of America v. Burr*, 127 S.Ct. 2201, 167 L. Ed. 2d 1045 (2007) and the existing "totality of circumstances test." Following the reasoning of *Safeco*, the district court analogized that "an objectively high likelihood of infringement may require a risk substantially greater than that associated with a merely careless reading of the patent." Further, the court noted that nothing in *Seagate* appeared to abandon the *Read Corp.* factors of the totality of circumstances test. This approach seems to suggest that standards of commerce may be highly similar to these existing factors. Thus, to support a willful infringement finding, these factors must show that a defendant ignored a risk substantially greater than that associated with a merely careless reading of the patent.

Alternatively, district courts may discard some of the *Read Corp.* factors in defining "standards of commerce." This would follow Judge Dyk's opinion in *Knorr-Bremse*. Judge Dyk, relying on Federal Circuit case law that discussed willful infringement as a measure of reasonable commercial behavior, suggested several circumstances that warrant a finding of willful infringement.⁵⁰ These circumstances include "deliberate copying, concealing infringing activity, infringement where the infringer knows that its is infringing or where it knows it has only frivolous defenses, infringement designed to injure a competitor, etc."⁵¹ These circumstances appear to mirror *Read Corp.* factors numbers 1, 5, 8 and 9, but do not include factors such as the need for an exculpatory opinion, the financial size of the defendant, the duration of the infringement or the remedial acts of the defendant.⁵²

Considering that most courts have found the factors articulated in the totality of circumstances test still relevant, it is not surprising that a few courts have found the presence or absence of an opinion post-*Seagate* still relevant.⁵³ The totality of the circumstances factors

⁵⁰ See *Knorr-Bremse*, 383 F.3d at 1348-1349 citing *Hoechst Celanese Corp. v. BP Chems. Ltd.*, 78 F.3d 1575, 1583 (Fed. Cir. 1996); *L.A. Gear, Inc. v. Thom McAn Shoe Co.*, 988 F.2d 1117, 1127 (Fed. Cir. 1993); *Read Corp. v. Portec, Inc.*, 970 F.2d 816, 827 (Fed. Cir. 1992); *Kaufman Co. v. Lantech, Inc.*, 807 F.2d 970, 978-79 (Fed. Cir. 1986).

⁵¹ *Knorr-Bremse*, 383 F.3d at 1348-1349.

⁵² See *Read Corp.*, 970 F.2d at 827.

⁵³ *Energy Transportation Group, Inc. v. William Demant Holdings A/S*, 05-422 GMS Docket Entry No. (D. Del. January 4, 2008) ("the court further concludes that nothing in *Seagate* forbids a jury to consider whether a defendant obtained advice of counsel as part of the totality of the circumstances in determining willfulness"); *Franklin Electric Co., v. Dover Corp.*, 05-cv-598, 2007 U.S. Dist LEXIS 84588 *22 (W.D. Ws. November 15, 2007) ("Plaintiff points
(continued...)

include whether a defendant sought an opinion of counsel.⁵⁴ Although the courts have allowed juries to consider the presence or absence of an opinion, it is clear from *Knorr-Bremse* and *Seagate* that neither the court nor the patentee can suggest that the defendant had an obligation to obtain an opinion or that its failure to do so requires a negative inference.⁵⁵ Considering the heightened standard for willful infringement and the clear statements by the Federal Circuit extinguishing any duty to obtain an opinion, one wonders whether, as case law evolves, the presence of an opinion will strongly support a defendant's arguments against willful infringement, while the absence of an opinion will fade away as a factor supporting a finding of willful infringement. At least one court has suggested that, although still relevant, an opinion only matters to the second question defined in *Seagate*.⁵⁶

Further support for the potential diminishment of the need for an opinion is the "substantial defense" argument to willful infringement. Following the dictates of *Seagate*, several courts have ended willfulness inquiries upon determining that the defendant had articulated a substantial defense.⁵⁷ Thus, the identification of any substantial defense may negate the need for a defendant to obtain a formal opinion. The development of this defense may be akin to obtaining a less formal opinion of counsel, e.g., identification of defense by an in-house patent counsel. The defense need not result in that in-house counsel providing a formal opinion, but may only appear at trial in the form of a defense to patent infringement allegations. Further

to defendant's failure to seek advice of counsel prior to selling the accused device"); *Lucent*, 2007 U.S. Dist LEXIS 95934 *11 ("Even advice of counsel may remain relevant, at least as a defense to willfulness, though no linger an affirmative duty"); *Broadcom Corp.*, 2007 U.S. Dist. LEXIS 86627 *11 (C.D. Cal. November 21, 2007) ("The Court's conclusion is that the absence of an opinion is one factor the jury may consider in reviewing the totality of circumstances in determining whether the alleged inducement was knowing").

⁵⁴ *Read Corp. v. Portec, Inc.*, 970 F.2d 816, 826-27 (Fed. Cir. 1992) ("whether the infringer, when he knew of the other's patent protection, investigated the scope of the patent and formed a good-faith belief that it was invalid or that it was not infringed.")

⁵⁵ See, e.g., *Seagate*, 497 F.3d at 1369-1370

⁵⁶ *Franklin Electric Co., v. Dover Corp.*, 05-cv-598, 2007 U.S. Dist LEXIS 84588 *22 (W.D. Ws. November 15, 2007) ("All of the evidence advanced by plaintiff goes to the second component of the *Seagate* test – what defendant knew or should have known with respect to the likelihood of infringement").

⁵⁷ *Resqnet.com, Inc. v. Lansa, Inc.*, 01-cv-3578, 2008 U.S. Dist. LEXIS 7908 *50 (S.D.N.Y. February 1, 2008) ("its arguments in these areas were substantial, reasonable, and far from the sort of easily-dismissed claims that an objectively reckless infringer would be forced to rely upon"); *TGIP, Inc. v. AT&T Corp.*, 06-cv-105, 2007 U.S. Dist. LEXIS 79919 *37 ("even if the jury's finding of infringement is ultimately upheld, it was, at best, a very close call"); *Franklin Electric Co.*, 2007 U.S. Dist LEXIS 84588 *23 ("Given the significant support in the language of the patent, the specification and prosecution history the defendant's non-infringement position, plaintiff cannot meet its burden to prove objective recklessness by clear and convincing evidence"); *Trading Tech. Int'l, Inc.*, 2008 U.S. Dist. LEXIS 295 *7-*8 ("Furthermore, validity of plaintiff's patents has been hotly contested in this litigation. We find on this record that defendants sufficiently asserted defenses to infringement and those defenses were neither unreasonable nor frivolous.").

development of the case law is required, however, before companies modify the practice of obtaining opinions of counsel. The failure to get an opinion, although not resulting in an adverse inference, may still support a finding of willful infringement. For the time being, companies should get an opinion. This opinion may be from in-house counsel or external opinion counsel. To avoid potential waiver of litigation strategy, it should not be from trial counsel. Hopefully, the development of case law will clarify the role of opinions, while also answering the numerous questions above which courts have not reviewed yet.

Conclusion

In re Seagate ushered in a sea change in patent law, but equally ushered in numerous questions that companies and their counsel must attempt to answer when considering another's patents. District courts that have performed willfulness inquiries since *Seagate* have provided some insights that will allow attorneys to advise clients regarding some of these questions. Many questions still remain, however, and hopefully the district courts will answer these questions as more opportunities to consider willful infringement arise.