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Opinions of Counsel Ride Again: Federal Circuit Finds Opinions Relevant to Intent for Induced Infringement in *Broadcom v. Qualcomm*

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As the Federal Circuit reaffirmed in *Seagate*,^[1] opinions of counsel are not required to fend off allegations of willful infringement.^[2] But in *Broadcom Corp. v. Qualcomm Inc.*, 543 F.3d 683 (Fed. Cir. 2008), the Federal Circuit recently held that such opinions *are* relevant to intent to induce infringement under 35 U.S.C. § 271(b).

Because inducement and willfulness both require intent, there is some overlap in relevant evidence as well as jurisprudence between these two issues. But in separate *en banc* opinions in the last couple of years, the Federal Circuit has adopted different quanta of intent necessary to establish inducement and willfulness. In *DSU*,^[3] the court required proof of “specific intent” to induce infringement, including knowledge of the patent; mere knowledge of another’s acts subsequently found to constitute direct infringement were deemed insufficient.^[4] Although the court noted that the alleged inducer in *DSU* had obtained non-infringement opinions as part of the evidence considered by the jury, which returned a verdict of no inducement, the Federal Circuit did not directly discuss the role of opinion of counsel evidence in *DSU*.

In contrast, the *Seagate* court subsequently held that “proof of willful infringement permitting enhanced damages requires at least a showing of objective recklessness.”^[5] And the *Seagate* court reiterated its holding from *Knorr-Bremse*^[6] that a failure to obtain an opinion of counsel, or invocation of the attorney-client privilege or work-product protection to avoid disclosure of such an opinion, does not create an adverse inference with respect to willfulness. According to the Federal Circuit in *Seagate*: “Because we abandon the affirmative duty of due care, we also reemphasize that there is no affirmative obligation to obtain opinion of counsel.”^[7]

Broadcom, a panel opinion by Judge Linn, was the first decision from the Federal Circuit to explore the potential implications of *Seagate* for inducement. In the *Broadcom* case, alleged inducer Qualcomm argued that *DSU*’s “specific intent” standard for inducement is “stricter” than *Seagate*’s “objective recklessness” requirement for willfulness. Qualcomm also argued that evidence (like opinions of counsel) that is not relevant for willfulness cannot be relevant for intent to induce. The *Broadcom* panel disagreed:

“Although Qualcomm is correct that there is no affirmative duty to seek opinion of counsel regarding infringement, and that it is improper to allow an ‘adverse inference or evidentiary presumption that such an opinion would have been unfavorable,’ *Knorr-Bremse*, 383 F.3d at 1346, it is incorrect in arguing that *Seagate* altered the state of mind requirement for inducement. Our *en banc* holding in *DSU* remains the relevant authority on that point. Despite Qualcomm’s assertion that the intent standard for inducement is higher than that for willful infringement, a lack of culpability for willful infringement does not compel a finding of non-infringement under an inducement theory.”^[8]

Although this passage does not fully address the rationale for the tension between *DSU* and *Seagate* identified by Qualcomm, the court unequivocally decreed that *DSU*, not *Seagate*, establishes the parameters for assessing inducement. Discussing the admissibility of circumstantial evidence to establish intent to induce direct infringement, the *Broadcom* court concluded:

“Because opinion-of-counsel evidence, along with other factors, may reflect whether the accused infringer ‘knew or should have known’ that its actions would cause another to directly infringe, we hold that such evidence remains relevant to the second prong of the intent analysis.”^[9]

“[T]he failure to procure such an opinion may be probative of intent in this context. It would be manifestly unfair to allow opinion-of-counsel evidence to serve an exculpatory function, as was the case in *DSU* itself, see 471 F.3d at 1307, and yet not permit patentees to identify failures to procure such advice as circumstantial evidence of intent to infringe.”^[10]

Like the alleged inducer in *DSU*, Qualcomm obtained opinions of counsel (though regarding invalidity rather than non-infringement). Unlike *DSU*, Qualcomm chose not to waive the attorney-client privilege as to those opinions, so they were unsurprisingly excluded from trial.^[11] So while a jury may not draw an adverse inference as to *willful* infringement from the absence of an opinion of counsel, following *Broadcom* a jury may infer *intent to induce* infringement from the same gap in the evidence. Thus, in the post-*Seagate* world, opinions of counsel remain an important shield for those with potential exposure to allegations of induced infringement.

Footnotes

^[1] *In re Seagate Technology, LLC*, 497 F.3d 1360 (Fed. Cir. 2007) (en banc).

^[2] *Id.* at 1371.

^[3] *DSU Medical Corp. v. JMS Co.*, 471 F.3d 1293 (Fed. Cir. 2006) (en banc in relevant part).

^[4] *See id.* at 1305-06.

^[5] *Seagate*, 497 F.3d at 1371.

^[6] *Knorr-Bremse Systeme Fuer Nutzfahrzeuge GmbH v. Dana Corp.*, 383 F.3d 1337, 1344-45 (Fed. Cir. 2004) (en banc).

^[7] *Seagate*, 497 F.3d at 1371.

^[8] *Broadcom*, 543 F.3d at 699.

^[9] *Id.*

^[10] *Id.*

^[11] *See id.* at 700.