

# Brief.

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## Difficulties Prevailing on Willful Infringement Post-*Seagate*

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- Proving willful patent infringement is significantly more difficult for patentees since *Seagate*
- Accused infringers can use legitimate defenses, design-arounds, re-exams, and opinion letters to thwart a willful infringement claim

Three years ago, the Court of Appeals for the Federal Circuit changed the law on willful patent infringement. *In re Seagate Technology, LLC.*, 497 F.3d 1360 (Fed. Cir. 2007). While the post-*Seagate* law on willful infringement is still in its infancy, it is already evident that patentees are having a more difficult time prevailing on the issue.

The new *Seagate* standard for willful infringement unquestionably raises a patentee's burden to prove willful infringement, a prerequisite to recovering enhanced damages under the patent statute. Gone is the "duty of care" standard, replaced with *Seagate*'s "objective recklessness" test that first requires a patentee to show by clear and convincing evidence that the alleged infringer acted despite an objectively high likelihood that its actions constituted infringement of a valid patent. If the patentee meets this first step, it must then show by clear and convincing evidence that the alleged infringer knew or should have known of this objectively high likelihood.

The increased difficulties facing patentees is demonstrated by the courts' new, post-*Seagate* willingness to find no willful infringement as a matter of law, either at the summary judgment or judgment as a matter of law stages of the case. Prior to *Seagate*, parties would seldom move for summary judgment on the issue of willfulness, and courts would even less frequently grant these motions. Likewise, district courts tended not to upset jury findings on willful infringement. Now, however, it is becoming more routine for accused infringers to move for summary judgment of no willful infringement prior to trial, and courts are actually granting these motions, finding no willful infringement as a

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matter of law. See, e.g., *Wisconsin Alumni Research Foundation v. Intel Corp.*, 656 F.Supp.2d 898 (W.D.Wis. 2009); *Callpod, Inc. v. GN Netcom, Inc.*, --- F.Supp.2d ----, No. 06 C 4961, 2010 WL 1292401 (N.D. Ill. Mar. 29, 2010); *Cordance Corp. v. Amazon.com, Inc.*, 639 F.Supp.2d 406 (D.Del. 2009); *Honeywell International, Inc. v. Universal Avionics Systems Corp.*, 585 F.Supp.2d 636 (D.Del. 2008). And courts are frequently reversing jury verdicts of willful infringement. See, e.g., *Trading Technologies International, Inc. v. eSpeed, Inc.*, 595 F.3d 1340 (Fed. Cir. 2010); *DePuy Spine, Inc. v. Medtronic Sofamor Danek, Inc.*, 567 F.3d 1314 (Fed. Cir. 2009); *Arlington Industries, Inc. v. Bridgeport Fittings, Inc.*, --- F.Supp.2d ----, No. 3:01-CV-0485, 2010 WL 773119 (M.D.Pa. Mar. 2, 2010); *Centocor Ortho Biotech, Inc. v. Abbott Laboratories*, 699 F.Supp.2d 756 (E.D.Tex. 2009). The increase in the filing and granting of these motions should continue. Accused infringers should consider these motions in most cases, as it is through these motions that the alleged infringer can present its best defenses to willful infringement, and it is only in these motions that one can make no willful infringement arguments based on claim construction.

In finding no willful infringement, courts often look to credible and legitimate defenses to infringement, along with the presence of design-arounds and requests for patent re-examinations. The advice of counsel defense also is still viable. Each of these defenses to willful infringement is addressed below.

## Legitimate Defenses

Legitimate defenses to infringement, even if unsuccessful, may be sufficient to defeat a willful infringement finding. *DePuy Spine, Inc. v. Medtronic Sofamor Danek, Inc.*, 567 F.3d 1314, 1337 (Fed. Cir. 2009). For example, a reasonable claim construction under which an accused product would not infringe can result in a finding of no willful infringement, regardless of whether that claim construction was ultimately rejected by the district court. *Cohesive Technologies, Inc. v. Waters Corp.*, 543 F.3d 1351, 1374 (Fed. Cir. 2008). Put another way, “hotly contested” and “close” claim constructions can rebuff willful infringement. *Arlington Industries, Inc. v. Bridgeport Fittings, Inc.*, --- F.Supp.2d ----, No. 3:01-CV-0485, 2010 WL 773119 at \*10 (M.D.Pa. Mar. 2, 2010); *Centocor Ortho Biotech, Inc. v. Abbott Laboratories*, 699 F.Supp.2d 756, 773 (E.D.Tex. 2009) Likewise, credible invalidity arguments support a finding of no willful infringement. *Black & Decker, Inc. v. Robert Bosch Tool Corp.*, 260 Fed. Appx. 284, 291 (Fed. Cir. 2008); *Honeywell International, Inc. v. Universal Avionics Systems Corp.*, 585 F.Supp.2d 636, 644 (D.Del. 2008). A legitimate licensing defense can also insulate an alleged infringer. *Wisconsin Alumni Research Foundation v. Intel Corp.*, 656 F.Supp.2d 898, 923-24 (W.D.Wis. 2009). While several specific defenses have been addressed by the courts, any defense could potentially protect an accused infringer, so long as it is legitimate and reasonable. See, e.g., Model Patent Jury Instructions § 4.1 (simply stating legitimate or credible defenses to infringement, as opposed to specific defenses, evidence a lack of willfulness).

However, in order to protect an accused infringer against a finding of willful infringement, the defense must be credible and objectively reasonable. Half-baked and unsupportable defenses will not do the trick. For example, a defense, such as a noninfringement defense based on an objectively unreasonable claim construction or without any consideration of claim construction whatsoever will not insulate an alleged infringer from a willful

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infringement finding. *Creative Internet Advertising Corp. v. Yahoo! Inc.*, No. 6:07cv354, 2009 WL 2382132 (E.D.Tex. July 30, 2009); *Krippelz v. Ford Motor Co.*, 670 F.Supp.2d 806, 811 (N.D.Ill. 2009).

## Design-Arounds

Historically, design-arounds were a damages issue, or something that was done on threat of or on entry of an injunction. Post *Seagate*, however, design-arounds are a defense to willful infringement. A few months ago the Federal Circuit said that “[p]rompt redesign efforts and complete removal of infringing products in a span of months suggest the [accused infringer] was not objectively reckless.” *Trading Technologies International, Inc. v. eSpeed, Inc.*, 595 F.3d 1340, 1357-58 (Fed. Cir. 2010). The significance of design-arounds can be seen in the Model Patent Jury Instructions, where design-arounds are one of the few willful infringement factors actually identified. Model Patent Jury Instructions § 4.1.

## Re-Exams

Following *Seagate*, some courts have focused on the significance of USPTO re-examinations (“re-exams”) in finding no willful infringement. Specifically, shortly after the Federal Circuit’s *Seagate* decision, the Southern District of California granted summary judgment of no willful infringement based in part on the USPTO’s orders granting re-exam requests based on substantial new questions of patentability. *Lucent Techs., Inc. v. Gateway, Inc.*, No. 07-CV-2000-H (CAB), 2007 WL 695272 (S.D.Cal. Oct. 30, 2007). In other words, the court held in that case no reasonable jury could conclude the alleged infringer was objectively reckless where the USPTO granted the re-exam request and, at least temporarily, invalidated the claims. See also *Pivonka v. Cent. Garden & Pet Co.*, No. 02-CV-02394-RPM, 2008 WL 486049 (D.Colo. Feb. 19, 2008). However, one court recently came to the opposite conclusion, criticized the analysis in *Lucent* and *Pivonka*, and concluded the USPTO’s grant of a re-exam request cannot lower the objective likelihood that an alleged infringer was infringing a valid patent because re-exam requests are routinely granted and do not establish a likelihood of patent invalidity. *Krippelz v. Ford Motor Co.*, 675 F.Supp.2d 881, 894-95 (N.D.Ill. 2009).

## Opinion Letters

Since *Seagate* and the earlier decision in *Knorr-Bremse Systeme Fuer Nutzfahrzeuge GmbH v. Dana Corp.*, 383 F.3d 1337 (Fed. Cir. 2004), much has been written regarding the usefulness of opinions of counsel in defense to a willful infringement claim. While perhaps not the willful infringement shield it once was, the Federal Circuit has opined post-*Seagate* that the advice of counsel defense is still viable and can support a finding of non-willfulness in some circumstances. *Finisar Corp. v. DirecTV Group, Inc.*, 523 F.3d 1323, 1339 (Fed. Cir. 2008).

Willful infringement is still viable, and is frequently alleged in patent litigation. What has changed since *Seagate* are the quality defenses available to accused infringers, and the increased willingness of courts to find no willful infringement.

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