

Current State of the U.S. Patent Law - Risk Mitigation Based on Legal Opinions

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Jessica Achtsam
jessica.achtsam@knobbe.com

Dan Altman
dan.altman@knobbe.com

Mauricio Uribe
mauricio.uribe@knobbe.com

Basis for Willful Patent Infringement - 35 U.S.C. § 284 - Damages

Upon finding for the claimant the court shall award the claimant damages adequate to compensate for the infringement, but in no event less than a reasonable royalty for the use made of the invention by the infringer, together with interest and costs as fixed by the court.

When the damages are not found by a jury, the court shall assess them. **In either event the court may increase the damages up to three times the amount found or assessed. Increased damages under this paragraph shall not apply to provisional rights under section 154(d).**

The court may receive expert testimony as an aid to the determination of damages or of what royalty would be reasonable under the circumstances.

Willful Infringement Prior to 2007

Underwater Devices Inc. v. Morrison-Knudsen Co. (Federal Circuit 1983)

- The standard for whether an accused infringer willfully infringed a patent was whether the accused infringer employed an “affirmative duty of care”
- A finding of patent infringement carried a high risk of a finding of willful infringement absent some form of prior mitigation by the defendant
- Vast majority of companies addressed the willful infringement risk by pro-actively seeking invalidity and non-infringement opinion letters

In re Seagate Technology LLC (2007)

- The Federal Circuit's 2007 Seagate decision effectively decreased the risk of a court finding willful infringement in patent infringement cases by eliminating the "affirmative duty of care"
- The Federal Circuit replaced it with a requirement that the patentee show "clear and convincing evidence that the infringer acted despite an objectively high likelihood that its actions constituted infringement of a valid patent, and if the patentee met this threshold showing, it then had to show that the "objectively-defined risk... was either known or so obvious that it should have been known to the accused infringer"
- Under this legal and legislative landscape, the practice of obtaining opinion letters became much less common

Willful Infringement Post 2016

Halo Elecs. Inc. v. Pulse Elecs. – (Supreme Court 2016)

- The Supreme Court abrogated *Seagate* and renewed the emphasis on pre-litigation knowledge in a determination of willful infringement
- The inquiry is now flexible, and focuses on the culpability of the accused infringer as measured by what it knew at the time of the challenged conduct
- The Court explained that it is "egregious infringement behavior" that warrants enhanced damages, such as behavior that is "willful, wanton, malicious, bad-faith, deliberate, consciously wrongful, flagrant, or ... characteristic of a pirate."
- The Court also rejected the clear and convincing evidentiary burden in favor of a preponderance of the evidence

Factors for Considering Willfulness

Read Corp. v. Portec, Inc. (Federal Circuit – 1992)

- (1) whether the infringer deliberately copied the ideas or design of another;
- (2) whether the infringer, when it knew of the other's patent protection, investigated the scope of the patent and formed a good-faith belief that the patent was invalid or not infringed;
- (3) the infringer's behavior as a party to the litigation;
- (4) the infringer's size and financial condition;
- (5) the closeness of the case;
- (6) the duration of the infringer's misconduct;
- (7) remedial action by the infringer;
- (8) the infringer's motivation for harm; and
- (9) whether the infringer attempted to conceal its misconduct.

Willful Infringement – Enhanced Damages – Different Tests

SRI Int'l., Inc. v. Cisco Sys., Inc. (Federal Circuit – 2021)

- The Federal Circuit clarified that under the Supreme Court’s *Halo* decision, there are two different tests for willfulness and enhanced damages.
 - Willfulness is the lower standard of the two. Willful infringement requires “no more than deliberate or intentional infringement.”
 - Enhanced damages flows from a finding of willful infringement. Enhanced damages requires egregious conduct on the part of an infringer. The conduct is measured from the date an adjudged infringer has notice of infringement.
- Quoting *Halo*, the Federal Circuit noted that the standard for willfulness is lower than what is necessary for conduct warranting enhanced damages, which requires “willful, wanton, malicious, bad-faith, deliberate, consciously wrongful, flagrant, or...characteristic of a pirate.”
- The Federal Circuit also reinstated the award for enhanced damages finding that the district court appropriately considered the *Read* factors including “the infringer’s behavior as a party to the litigation,” the infringer’s “size and financial condition,” the infringer’s “motivation for harm,” and the “[c]loseness of the case.”

Practical Questions

Question: Does citation of a patent or published patent application require an analysis of the claims or an opinion?

- Generally, citation of issued patents or published patent applications during prosecution does NOT create an obligation to review any claims for possible infringement
- No strict rule – the more relevant a reference is during prosecution, the greater knowledge that will be inferred
- Note – there are examples in U.S. patent litigation where willfulness is based on knowledge of the asserted patent based on citation and application during prosecution

Question: Does identification of a patent as part of a patent search/clearance search require an analysis of the claims or an opinion?

- Generally, conducting patent searches/clearance searches provides additional knowledge of patents and may require additional follow up
 - Was there a good-faith belief that the patent was invalid or not infringed?
 - Was there deliberate copying?
 - Was there any attempt to conceal?
- No strict rule – the more relevant a patent, the greater knowledge that will be inferred

General Assertion Letters

Question: Does identification of a patent as part of a general assertion letter without details of infringement require an analysis of the claims or an opinion?

- Generally, the assertion letters provides additional knowledge of patents and may require additional follow up
 - Was there a good-faith belief that the patent was invalid or not infringed?
 - Was there deliberate copying?
 - Was there any attempt to conceal?
- No strict rule – the more relevant a patent, the greater knowledge that will be inferred

Specific Assertion Letters

Question: Does identification of a patent as part of a specific assertion letter including details of infringement require an analysis of the claims or an opinion?

- Generally, the specific assertion letters may require additional follow up
 - Was there a good-faith belief that the patent was invalid or not infringed?
 - Was there deliberate copying?
 - Was there any attempt to conceal?
- No strict rule – the more relevant a patent, the greater knowledge that will be inferred

Responding to Assertion Letters

- General Assertion Letters
 - Statement respecting intellectual property rights
 - Option 1: Insufficient detail for further analysis – matter will be considered closed
 - Option 2: Insufficient detail for further analysis – request more details if any follow up is to be conducted
 - Option 3: Indicate non-infringement and matter will be considered closed
- Specific Assertion Letters
 - Statement respecting intellectual property rights
 - Option 1: Insufficient detail for further analysis – request more details if any follow up is to be conducted
 - Option 2: Indicate missing elements for non-infringement and matter will be considered closed
 - Option 3: Provide detailed invalidity chart

Types of Opinions

- Oral Advice
 - May be appropriate for clear non-infringement position – Should be confirmed with written communication
 - Not likely sufficient for invalidity position
- Short Memorandum
 - May be appropriate for clear non-infringement position that does not require detailed claim construction
 - Not likely sufficient for invalidity position
- Claim Chart
 - May be appropriate for clear non-infringement position that does not require detailed claim construction
 - May be appropriate for clear invalidity position that that does not require detailed claim construction
- Written Opinion
 - Applicable for non-infringement position that may require detailed claim construction, prosecution history review
 - May be appropriate for clear invalidity position that that may require detailed claim construction, prosecution history review

Knobbe Martens

Thank you!