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# Patent Infringement: Leveraging Opinion Letters to Reduce the Risks of Liability and Enhanced Damages

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# Patent Infringement: Structuring Opinions of Counsel

LEVERAGING OPINION LETTERS TO REDUCE THE RISKS  
OF LIABILITY AND ENHANCED DAMAGES

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# Presentation Overview

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- I. Willful Infringement, Inducement Of Infringement, And Use Of Opinions Of Counsel
- II. Waiver
- III. Court Treatment
- IV. Best Practices For Employing Opinions Of Counsel

# Section I: Overview

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- I. Willful Infringement, Inducement Of Infringement, And Use Of Opinions Of Counsel
  - ❖ “Totality Of The Circumstances” Standard For Determining Willfulness
  - ❖ Opinions Of Counsel In Defending Against Willful/Induced Infringement Claims
  - ❖ Reliance On Opinions Of Counsel
  - ❖ Updating Opinions
  - ❖ Recent Developments And Their Impact On How Opinions Should Be Used

# Willful Infringement & Enhanced Damages

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“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.”

35 U.S.C. §284 (emphasis added).

# Willful Infringement & Enhanced Damages

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## The History Of Enhanced Damages

- The Patent Act of 1793 mandated treble damages in any successful patent suit. (Patent Act of 1793, §5, 1 Stat. 322.)
- The Patent Act of 1836 allowed for the award of treble damages “according to the circumstances of the case.” (Patent Act of 1836, §14, 5 Stat. 123.)
- A “defendant who act[s] in ignorance or good faith” should not be subjected to the same treatment as a “wanton and malicious pirate.” (*Seymour v. McCormick*, 57 U.S. 480 (1854).)
- Preserved in the Patent Act of 1870 (Patent Act of 1870, §59, 16 Stat. 207.)
- The Patent Act of 1952 provided for codified enhanced damages under §284.
- *Underwater Devices Inc. v. Morrison-Knudsen Co.*, 717 F.2d 1380 (Fed. Cir. 1983) originally imposed an “affirmative duty to exercise due care,” but *Knorr-Bremse Systeme Fuer Nutzfahrzeuge GmbH v. Dana Corp.*, 344 F.3d 1336, 1336 (Fed. Cir. 2003) eliminated the so-called “adverse inference.”

# Willful Infringement & Enhanced Damages

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In *In re Seagate Technology*, 497 F. 3d 1360 (2007) (*en banc*), the Federal Circuit set forth a two part test for determining when a district court may increase damages pursuant to §284:

- (1) A patent owner must first “show by clear and convincing evidence that the infringer acted **despite an objectively high likelihood that its actions constituted infringement** of a valid patent.” (*Seagate* at 1371.)
- (2) Second, the patentee must demonstrate, again by clear and convincing evidence, that the risk of infringement “was either **known or so obvious that it should have been known** to the accused infringer.” (*Id.*)

Subject to trifurcated appellate review: Objective recklessness (*de novo*); Subjective knowledge (substantial evidence); and whether to award enhanced damages (abuse of discretion).

The *Seagate* two-part test was **overruled** in *Halo Elec., Inc. v. Zimmer, Inc. et al.*, 136 S. Ct. 1923 (2016).

- Ultimately, the Supreme Court “eschew[ed] any rigid formula for awarding enhanced damages under §284” and recommended that “courts...continue to take into account the particular circumstances of each case in deciding whether to award damages, and in what amount.” *Halo* at 1933-934.
- Tripartite standard of review also repudiated (now abuse of discretion)

# Willful Infringement & Opinions Of Counsel

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“The failure of an infringer to obtain the advice of counsel with respect to any allegedly infringed patent, or the failure of an infringer to present such advice to the court or jury, may **not** be used to prove that the accused infringer willfully infringed the patent or that the infringer intended to induce infringement of the patent.”

35 U.S.C. § 298 (emphasis added).

- Result of the perception by Congress that the Federal Circuit had been inconsistent on this issue
- No adverse inference from failure to obtain opinion of counsel
- “[R]eflects a policy choice that the probative value of this type of evidence is outweighed by the harm the harm that coercing a waiver of attorney-client privilege inflicts on the attorney-client relationship.” (H.R. Rep. No. 112-98, pt. 1, at 53 (2011)).

# Defense To Induced Infringement Claim

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- ❖ *Commil USA, LLC v. Cisco Systems, Inc.*, 720 F.3d 1361 (Fed. Cir. 2013)
  - Patentee Commil sued Cisco in E.D.Tex.
  - Second trial on indirect infringement
  - Cisco precluded from presenting evidence during the second trial of its good faith belief of invalidity

“...[W]e appear to have not previously determined whether a good-faith belief of invalidity may negate the requisite intent for induced infringement. We now hold that it may.” *Commil*, 720 F.3d at 1367.

- Majority Opinion (Prost) saw “no principled distinction between a good-faith belief of invalidity and a good-faith belief of non-infringement” on the question of specific intent
- Newman dissent-in-part called this an “inappropriate” “change in the law”
- Both parties petitioned for rehearing *en banc* and were denied

# Defense To Induced Infringement Claim

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- The Federal Circuit's decision in *Commil* was subsequently reversed by the Supreme Court, *Commil USA, LLC v. Cisco Sys.*, 135 S. Ct. 1920 (2015)
  - Majority Opinion written by Justice Kennedy
  - Separation between infringement and validity within the Patent Act
  - “[P]ractical reasons” not to create a defense based on a good faith belief in invalidity

**“The question the Court confronts today concerns whether a defendant’s belief regarding patent validity is a defense to a claim of induced infringement. It is not. The *scienter* element for induced infringement concerns infringement; that is a different issue than validity.” *Commil*, 135 S.Ct. at 1928.**

- Opinion of counsel respecting infringement may vitiate any intent to induce infringement

# Court Treatment: Federal Circuit Reaction

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- ❖ *Omega Patents, LLC v. CalAmp Corp.*, 920 F.3d 1337 (Fed. Cir. Apr. 8, 2019)
  - Jury trial resulted in \$2.98 million award for Omega
    - Jury found willful infringement
    - District Court enhanced damages (3x), total award amounted to \$15 million
  - The Federal Circuit concluded that willfulness would have to be re-tried, but offered commentary on evidentiary issues that had presented during trial
    - Exclusion of the testimony of Gallin Chen, David Bailey
    - Exclusion of Bailey's post-litigation written opinion (not used to refresh recollection of prior oral statements)
  - "We recently held...that to the extent that the district court excluded evidence relevant to defendant's state of mind at the time of the accused infringement, that decision did not comport with the standard articulated in *Halo*." *Omega Patents*, 920 F.3d at 1353 (int. cit. om.).

# Inducement Requirements

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## Recent Examples

### Acts Meeting Inducement Standard:

- ❖ *Eli Lilly & Co. v. Teva Parenteral Medicines, Inc.*, 845 F.3d 1357 (Fed. Cir. 2017)
  - Drug labeling information, mandating steps physicians direct patients to take can be basis for the drug manufacturer liability for method-of-use patent claim
- ❖ *Ricoh Company, Ltd. v. Quanta Computer Inc.* 550 F.3d 1325 (Fed. Cir. 2008)
  - Based on Supreme Court decision in *Metro-Goldwyn-Mayer Studios, Inc. v. Grokster, Ltd.*, 545 U.S. 913 (2005), indirect encouragement by electrical device manufacturer sufficient to establish the requisite intent for inducement

### Proof Needed for Inducement Claim:

- ❖ *GlaxoSmithKline LLC v. Teva Pharma. USA, Inc...* (Fed. Cir. Appeal No. 18-1976, decided October 2, 2020)
  - Marketing a drug product provider knows meets intended direct infringing activity is inducement. “Causation” shown because doctors prescribing drug already knew of intended use even though labels made no reference to it. Inducement proved by a wide range of circumstantial evidence.
- ❖ *Warsaw Orthopedic, Inc. v. NuVasive, Inc.*, 824 F.3d 1344 (Fed. Cir. 2016)
  - Based on Supreme Court’s decision in *Global-Tech Appliances, Inc. v. SEB S.A.*, 563 U.S. 754 (2011), circumstantial evidence can provide proof of intent needed for inducement.

# Use of Non-Infringement Opinion to Negate Intent

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- ❖ ***Omega Patents, LLC v. Calamp Corp.***, 920 F.3d 1337 (Fed. Cir. 2019)
  - Although holding is evidentiary ruling, Court held intent requirement for inducement claim could negate by opinion of counsel

## Subsequent District Courts Cases:

- ❖ ***Acantha LLC v. Depuy Synthes Sales, Inc.***, 406 F.Supp.3d 742 (E.D. Wis. 2019)
- ❖ ***Baxter Int'l, Inc. v. Becton Dickerson and Co.***, (Case No. 1:2017cv07576, N.D. Ill., decided July 26, 2019)

Although unsuccessful, ***Omega*** precedent followed to allow the admission of such evidence.

# Increased Scrutiny Of Opinions

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## *Federal Circuit Endorses Increased Scrutiny*

- ❖ ***C.R. Bard, Inc. v. AngioDynamics, Inc.***, 979 F.3d 1372 (Fed. Cir. 2020)
  - Validity of Alleged Infringer's Reliance on Opinion Letter Jury Question

## *District Court have questioned Opinion quality and rejected them as basis for no willfulness*

- ❖ ***Sonoco P'ship Mktg. & Terminals, L.P. v U.S. Ventures, Inc.***, 436 F.Supp 3d 1099 (N.D. Ill, 2020)
  - Opinion not based on reasonable inquiry rejected
- ❖ ***Floodbreak, LLC v. Art Metals Indus., LLC***, No. 3:18-cv-308, 2020 U.S. Dist. LEXIS 161209 (D. Conn. Sept. 3, 2020)
  - Opinion not sufficiently thorough on its face
- ❖ ***Dentsply Siron, Inc. v. Edge Endo, Inc.*** No. 1:17-cv-503, 2020 U.S. Dist. LEXIS 205353 (D. N.M. Nov. 2, 2020)
  - Opinion relied on positions consistent with those advanced in PTAB Proceeding
- ❖ ***Western Plastics, Inc. v. Dubose Strapping, Inc.***, No. 5:15-cv-0294, 2020 U.S. Dist. LEXIS 176332 (E.D.N.C. Sept. 24, 2020)
  - Opinion too ambiguous to support proper reliance

# Reliance On Opinions Of Counsel

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- Although the failure to obtain an opinion cannot be used to prove willful infringement, it may be helpful for companies or individuals to secure such an opinion in certain cases to demonstrate their intent to comply with the law
- Recent Precedent reinforces principle that if opinion of counsel is to be relied upon, it is critical to confirm that the company or individual has actually read and understood any such opinion
  - Make certain that opinions are drafted and received before the start of any litigation
- Ensure that opinions are updated as appropriate to account for newly issued patents, relevant claim constructions from other litigations, etc.
- Ensure that the opinion itself meets objective standards of competence, thoroughness, and clarity

# Section II: Overview

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## II. Waiver

- ❖ Scope of Discovery
- ❖ Privilege Waiver for Opinion & Trial Counsel
- ❖ Privilege Waiver For In-House Counsel
- ❖ In-House Personnel And In-House Investigation
- ❖ Waiver Of Work-Product Immunity

# Waiver: Scope Of Discovery

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- Several district courts have held waiver extends to pre-suit *and* post-suit communications (N.D.Ill., N.D.Cal., D.D.C., D.Del., N.D.Ga., E.D.N.Y. and E.D.Mo.)
- Several district courts have held waiver extends to all patent opinions, not just to specific issues addressed in opinion of counsel (D.D.C., D.Del., N.D. Ga., N.D. Ill.), but some have held waiver limited to issues specifically addressed in advice of counsel opinion (S.D. Ind., N.D. Cal., E.D. Tex.)

# Waiver: District Court Reactions

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- ❖ *Visteon Global Techs., Inc. v. Garmin Int'l, Inc.*, 2016 U.S. Dist. LEXIS 109564 (E.D. Mich. Aug. 18, 2016)
  - Garmin obtained an (in-house) opinion of counsel but elected not to use it at trial
  - Visteon sought to introduce evidence at trial that Garmin obtained opinions of counsel, but has elected not to produce them for consideration by the jury at trial

Visteon permitted to submit evidence of Garmin's failure to provide an opinion of counsel at trial, but prohibited from submitting evidence that Garmin did in fact procure such an opinion but elected not produce that opinion at trial

This “strikes an appropriate balance between disallowing the prohibited adverse inference to Garmin of an unfavorable opinion of counsel while at the same time preserving Visteon's right to argue to the jury that Garmin's failure to produce such an opinion for trial can be considered as a factor in the jury's determination of willfulness.” *Id.* at \*20.

# Waiver: Opinion & Trial Counsel

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“Recognizing the value of a common approach and in light of the new willfulness analysis set out above, we conclude that the ***significantly different functions of trial counsel and opinion counsel advise against extending waiver to trial counsel***...Because of the fundamental difference between these types of legal advice...fairness counsels against disclosing trial counsel's communications on an entire subject matter in response to an accused infringer's reliance on opinion counsel's opinion to refute a willfulness allegation.”

- *Seagate* at 1373 (emphasis added)

# Waiver: Opinion & Trial Counsel

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- Extending waiver to trial counsel
  - *Beck Sys., Inc. v. Managesoft Corp.* (N.D. Ill. 2006)
  - *Informatica Corp. v. Bus. Object Data Integration, Inc.* (N.D. Cal. 2006)
  - *Affinion Net Patents, Inc. v. Maritz, Inc.* (D.Del. 2006)
  - *Convolve, Inc. v. Compaq Computer Corp.* (S.D.N.Y. 2006)
  - *Computer Assoc. Int'l, Inc. v. Simple.com, Inc.* (E.D.N.Y. 2006)
  - *Iridex Corp. v. Synergetics, Inc.* (E.D. Mo. 2007)
  - *Krausz Industries Ltd. f/k/a Krausz Metal Industries Ltd. v. Smith-Blair Inc. & Sensus USA Inc.* (D.N.C. 2016)
- Extending waiver to trial counsel only for communications contradicting or casting doubt on opinions asserted
  - *Intex Rec. Corp. v. Team Worldwide Corp.* (D.D.C. 2006)
  - *Outside the Box Innovations, LLC v. Travel Caddy, Inc.* (N.D. Ga. 2006)
  - *Indiana Mills & Mfg., Inc. v. Dorel Indus. Inc.* (S.D. Ind. 2006)
  - *Ampex Corp. v. Eastman Kodak Co.* (D.Del. 2006)

# Waiver: Work Product Immunity

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- ❖ *In re EchoStar Communications Corp.*, 448 F.3d 1294 (Fed. Cir. 2006)
  - **Uncommunicated work product not waived**
    - “[W]ork product, which is never communicated to the client, is not discoverable.”
- ❖ *Seagate* had held “...relying on opinion counsel’s work product does not waive work product immunity with respect to trial counsel.” (emphasis added)
  - Opinion Counsel: The scope of the waiver of immunity for an accused infringer relying on the advice-of-counsel defense is almost complete. The opinions themselves may be revealed, and the attorney who drafted them deposed
  - Trial Counsel: No waiver as to trial counsel mental process work product (unlike factual work product, which can be discovered upon a showing of substantial need and undue hardship)
    - Trial counsel enjoys substantial, “nearly absolute” protection
  - In-house Counsel: The scope of waiver as to in-house counsel remains open. The scope of waiver should be determined by whether in-house counsel is serving a function of opinion counsel or trial counsel.

# Waiver: In-House Counsel

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- The state of the law is still unclear with respect to communications to/from in-house counsel
  - Court explicitly declined to rule on this issue in *Seagate*
  - Still undefined at present
  - Similar policy concerns apply to in-house counsel as to trial and opinion counsel, possibly even more so (loose view of privilege likely to diminish full and frank discussions between client and attorney)
  - Other in-house personnel and/or in-house investigations may also suffer from lack of clarity in the law at this point

# Section III: Overview

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## III. Court Treatment

- ❖ *SRI Int'l, Inc. v. Cisco Sys.*, 918 F.3d 1368 (Fed. Cir. Mar. 20, 2019)
- ❖ *Polara Eng'g, Inc. v. Campbell Co.*, 894 F.3d 1339 (Fed. Cir. July 10, 2018)
- ❖ *Dentsply Sirona, Inc. v. Edge Endo, LLC*, 2019 U.S. Dist. LEXIS 59715 (D. N.M. Apr. 8, 2019)
- ❖ *Milwaukee Elec. Tool Corp. v. Snap-On Inc.*, 288 F. Supp. 3d 872 (E.D.Wis. Dec. 29, 2017)
- ❖ *Barry v. Medtronic, Inc.*, 250 F. Supp. 3d 107 (E.D. Tex. Apr. 20, 2017)
- ❖ *Erfindergemeinschaft UroPep GbR v. Eli Lilly & Co.*, 2017 U.S. Dist. LEXIS 75517 (E.D.Tex. 2017)

# Court Treatment: Federal Circuit Reaction

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- ❖ *SRI Int'l, Inc. v. Cisco Sys.*, 918 F.3d 1368 (Fed. Cir. Mar. 20, 2019)
  - Jury trial resulted in \$23.6 million award for SRI (+ \$8 million in attorney's fees)
  - The District Court...
    - denied Cisco's JMOL on non-willfulness based on:
      - evidence showing Cisco employees did not read the patents until their depositions (2 years after filing of complaint)
      - evidence that Cisco had designed the products in an infringing manner and instructed its customers to use them in an infringing manner
    - enhanced damages (2x)
  - The Federal Circuit found this evidence to be largely insufficient to show wanton or malicious conduct (especially pre-2012), vacated remanded for further consideration

# Court Treatment: Federal Circuit Reaction

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- ❖ *Polara Eng'g, Inc. v. Campbell Co.*, 894 F.3d 1339 (Fed. Cir. July 10, 2018)
  - Jury found willful infringement in favor of Polara (patentee)
  - The court enhanced damages (2.5x)
  - Campbell appealed, relying on opinion of counsel (non-infringement)
  - Campbell's opinions of counsel...
    - Only addressed one claim (claim 11) of the patent-in-suit, which was not at issue
    - Largely did not exist (Campbell attempted to prove via oral testimony)
  - The District Court's enhancement of damages was vacated for being insufficient as to a single *Read Corp. v. Portec, Inc.*, 970 F.2d 816 (Fed. Cir. 1992) factor
    - Other Federal Circuit case law expressly holds that analysis of the *Read* factors is not required under *Halo (Presidio)*

# Court Treatment: District Court Reactions

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- ❖ *Dentsply Sirona, Inc. v. Edge Endo, LLC*, 2019 U.S. Dist. LEXIS 59715 (D. N.M. Apr. 8, 2019)
  - Plaintiff Dentsply moved to compel a response to an Interrogatory which sought information on whether opinions of counsel were obtained for patents not at issue in the case and which indisputably did not cover the accused product
  - Involved a pre-*Halo* line of district court cases which held that “neither general knowledge of a patent portfolio nor actual knowledge of a patent application or of related patents, without more, is sufficient even to plausibly allege knowledge of a particular asserted patent.”
    - The court here eschewed this line of cases in favor of *Halo*’s more “expansive” approach
  - “In other words, either Defendants investigated the patents marked on Plaintiffs’ product, or they did not. The results of that investigation—or a refusal to investigate—may be relevant to whether related patents were willfully infringed.” *Dentsply Sirona, Inc. v. Edge Endo, LLC*, 2019 U.S. Dist. LEXIS at \*14.

# Court Treatment: District Court Reactions

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- “[T]he trial testimony showed that Snap-On did not perform adequate research in response to the letter to determine whether its products might infringe the patents-in-suit. Its head engineer for power tools, John Fuhreck... performed a cursory study of the patents that was not corroborated by a prior art search or an infringement analysis. He concluded that the patents were related to Snap-On's business, but no one took the matter under further consideration. Snap-On declined to take a license and made no changes to its product offerings to accommodate the possibility of infringement.”
  - *Milwaukee Elec. Tool Corp. v. Snap-On Inc.*, 288 F. Supp. 3d 872, 887 (E.D.Wis. Dec. 29, 2017)
- “There was no evidence that Medtronic investigated the scope of either patent-in-suit prior to trial, let alone at the time it learned about the patents. This factor favors enhancement.”
  - *Barry v. Medtronic, Inc.*, 250 F. Supp. 3d 107, 115 (E.D. Tex. Apr. 20, 2017)
- Lily’s failure to respond to a one page letter from UroPep containing a “barebones assertion of infringement” and failing to “set out the strength of UroPep's infringement case or address[] the issue of validity” led to a JMOL of non-willfulness.
  - *Erfindergemeinschaft UroPep GbR v. Eli Lilly & Co.*, 2017 U.S. Dist. LEXIS 75517, \*2-\*9 (E.D.Tex. May 18, 2017)

# Court Treatment: Federal Circuit Reaction

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- ❖ *Eko Brands, LLC v. Adrian Rivera Maynez Enters.*, 946 F.3d 1367 (Fed. Cir. Jan. 13, 2020)
  - Patents for an adaptor device for Keurig brewing coffee machine “pods” and filter cartridges
  - Willfulness jury instructions were not erroneous and stated the correct *Halo* willfulness test of whether there is “deliberate” infringement, along with a list of facts including whether the Defendant intentionally copied a product covered by Plaintiff’s patent and whether Defendant reasonably believed it did not infringe or the patent was invalid
  - Punishment by enhancement is for court not jury; if jury finds affirmative willfulness by deliberate or intentional infringement, then at the second stage, the court addresses issue of egregious behavior and punishment for enhanced damages
- ❖ *Packet Intelligence LLC v. NetScout Sys.*, 965 F.3d 1299 (Fed. Cir. July 14, 2020)
  - Court awarded Plaintiff \$2.8 million in enhanced damages for patents on tracking data transferred over computer network
  - Fed. Cir. affirmed jury’s willfulness verdict against Defendant when Defendant’s corporate representative admitted he did not read the patents, and Defendant’s CEO testified he could not recall ever reviewing the asserted patents and that he would sell an accused product to a customer if they wanted the product

# Court Treatment: Federal Circuit Reaction

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- ❖ *C.R. Bard Inc. v. AngioDynamics Inc.*, 979 F.3d 1372 (Fed. Cir. Nov. 10, 2020)
  - Patents for manufacturing vascular implant access ports for intravenous injection
  - District Court held: Plaintiff failed to meet its burden that Defendant willfully infringed because Defendant “obtained written opinions of counsel regarding invalidity of the asserted claims of the patents-in-suit,” and Plaintiff “failed to failed to show that the opinions were drafted by a bad law firm or put forth other evidence of willfulness”
  - However, Federal Circuit found this analysis was erroneous:
    - Considered how Plaintiff introduced evidence that Defendant’s Director of IP was aware of the patents-in-suit applications before they were issued and Defendant “intentionally copied” a component based on market demand
    - “While the existence of an invalidity opinion is a relevant factor in determining willfulness, it was not dispositive, and the question of whether [Defendant] reasonably believed that the asserted claims were invalid was a question of fact for the jury.”
    - Thus, there was sufficient evidence to support a jury verdict of willfulness

# Court Treatment: District Court Reactions

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- ❖ *Sunoco P'ship Mktg & Terminals L.P. v. U.S. Venture, Inc.*, 436 F. Supp. 3d 1099 (N.D. Ill. Jan 29, 2020)
  - Patents for system and method of blending butane into gasoline before mixture is distributed to gas stations
  - Court awarded Plaintiff \$6 million (trebled from \$2 million) enhanced damages for willfulness
  - “An opinion letter has exculpatory value only if “the legal advice contained therein . . . [is] found on the totality of the circumstances to be competent such that the client was reasonable in relying upon it... In order to provide such a prophylactic defense, counsel's opinion must be premised upon the best information known to the defendant.” *citing Comark Communs., Inc. v. Harris Corp.*, 156 F.3d 1182, 1191 (Fed. Cir. 1998).
  - Here, Defendant’s counsel submitted opinion letter, but Court found it to be “flawed” because it was premised on faulty descriptions of the patents due to his lack of knowledge of how the methods worked. Defendants withheld “critical information” of technical details from counsel when he drafted the letter, and there was no review from Defendant’s knowledgeable employees if it accurately captured the proposal
  - Thus, Court found that Defendant’s failure to provide counsel with “detailed, accurate information or review the letter for accuracy...undermines any legitimate claim for good faith reliance on the letter”

# Court Treatment: District Court Reactions

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- ❖ *Acantha LLC v. Depuy Synthes Sales, Inc.*, 406 F. Supp. 3d 742 (E.D. Wisc. Aug 5, 2019)
  - Patents for orthopaedic implants for joining bone segments
  - Court found for Plaintiff, sufficient evidence to support jury verdict of Defendant's willfulness
  - Although Defendant asserted they "reasonably relied" on two opinions of outside counsel with 70 pages of analysis, none of Defendants' witnesses employed in their engineering or product development departments "actually read the opinions or could testify to the contents of the opinions they claimed the company relied on" or present any testimony from other in-house counsel or employees who actually read the letters
  - Thus, court found sufficient basis for the jury to find willfulness and reasonably conclude that Defendants did not reasonably rely on those opinions or that the letters were merely intended to perform the function of insulating Defendants from liability rather than ensure that Defendant acted lawfully
- ❖ *W. Plastics Inc. v. Dubose Strapping, Inc.*, No. 5:15-CV-294-D, 2020 U.S. Dist. LEXIS 176332 (E.D.N.C. Sept. 24, 2020)
  - Patents for a stretchable multi-layer metal coil wrap product for metal industry
  - Court granted Plaintiff's motion for treble damages of \$1.8 million
  - Defendant's COO obtained legal advice and opinion letter from two lawyers for legal liability, but the lawyers did not offer a "safe harbor" from the patent but rather a "warning sign" to avoid it. Then, Defendant ignored the warning signs to make money selling an infringing product instead of following the warning

# Section IV: Overview

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## IV. Best Practices

- ❖ Implications For Opinion Of Counsel Practice
- ❖ Re-thinking Defending Against Willfulness Claims
- ❖ The Practical Implications Of *Halo*
- ❖ Best Practices For Corporate Counsel
- ❖ Cost-Benefit Analysis

# Best Practices: Implications

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- Given the Supreme Court's decision in *Halo*, and even with the promulgation of §298 of the A.I.A., obtaining a competent opinion of counsel can be helpful in defending allegations of willful infringement
  - A double-edged sword: In order to rely on the advice-of-counsel defense, these opinions will have to be disclosed to the court and to opposing counsel for hindsight-laden criticism
- In recent cases, judges have been more inclined to send questions of willfulness to the jury, relying on the “totality of the circumstances” standard

# Best Practices For Practitioners

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- Defending Against Willfulness Claim Under The Current Legal Standard
- Requires risk/reward analysis
  - Thinking creatively: are there other ways to defend against accusations of willfulness?
  - Proving a negative: can it be shown that the accused infringer had never seen the patent-in-suit?
- Cost-benefit analysis
  - Opinions may be costly at the outset, but may be viewed as a cost-saving measure in light of costs associated with patent litigation, treble damages, etc.

# Best Practices For Practitioners

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- Defending Against Willfulness Claim Under The Current Legal Standard (*cont.*)
  - No affirmative duty to obtain an opinion
    - **...but** if actively aware of/monitoring others' patents, proceed with caution
  - Seeking outside opinions (for corporate counsel)
    - May often be appropriate, but depends on resources and institutional knowledge of corporate counsel
    - Are two opinions better than one? (Duplicative efforts vs. thoroughness)

# Best Practices: Obtaining Competent Opinions Of Counsel

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- Requires attorney and client to be completely candid with each other
  - Important for both parties to have commanding knowledge of the technology in question
  - Frequent, detailed communications may be required depending on complexity of the technology
  - Based on appropriate understanding of the laws of validity, non-enforceability, infringement, etc.
  - Detailed inquiries into, *e.g.*, prior litigations, prosecution history, etc. may be required
- Counsel and client must come to a reasonable time and cost estimate (very important)
- Give client opportunity to review the opinion as it comes to life (corrections, changes, etc.)

# Best Practices: Sections In An Opinion Of Counsel

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- Typical Opinion Sections
  - Description of the technology / background of the patent (validity)
  - Description of the accused product(s) / product under review (infringement)
  - Search methodologies and findings (validity)
  - Relevant laws and legal standards, including claim construction, literal infringement, validity (101, 102, 103, 112)
  - Claim construction
    - Prosecution history estoppel
    - Doctrine of equivalents
  - Description of prior art (validity)
  - Analysis of relevant patent(s) / comparison to product(s)
  - Conclusions
  - Disclaimers

# Best Practices: Final Thoughts

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- We are operating on a shifting landscape
  - Continue to await emergence of case law under Section 298
  - Supreme Court decisions in *Halo*, along with the *Octane Fitness*, and *Highmark* decisions, signal increased deference to district court in willfulness and “exceptional case” determinations
  - Previously pending legislation in Congress contained “Fee Shifting” provisions

# Questions?

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## Thank You!

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