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PATENTS

The authors look at patent infringement inducement decisions since *Global-Tech* for trends on how courts are finding a sufficient or insufficient showing of willful blindness.

A Practical Guide to 'Willful Blindness' Under *Global-Tech*: When Does Fear of Infringement Turn Into Knowledge of Infringement?



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In *Global-Tech Appliances, Inc. v. SEB S.A.*,¹ the Supreme Court confirmed prior case law holding that an induced infringement claim under 35 U.S.C. § 271(b) requires proof that the accused inducer had

¹ 131 S. Ct. 2060, 2011 BL 142067, 98 U.S.P.Q.2d 1665 (2011) (82 PTCJ 137, 6/3/11).

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both: (1) knowledge of the asserted patent, and (2) knowledge that the third-party acts it had induced would directly infringe the asserted patent. Establishing new law, however, the Supreme Court further held that a patentee can satisfy these knowledge elements with proof that the accused inducer merely acted with "willful blindness"—i.e., that the accused inducer subjectively feared there was a "high probability" it was causing others to infringe the asserted patent and took "deliberate actions" to avoid confirming whether its fear of infringement was true.

This paper summarizes the Supreme Court's decision in *Global-Tech*. It then explores how the Federal Circuit and district courts have applied *Global-Tech*'s new willful blindness test, with an emphasis on the factors that courts have highlighted as either supporting or defeating a willful blindness claim.

I. The *Global-Tech* Decision

Pentalpha purchased SEB's deep fryers in Hong Kong and copied all but the cosmetic features for its own deep fryers. But when Pentalpha retained an attorney to provide a patent clearance opinion, it failed to tell the attorney that it had copied the deep fryer design directly from SEB. The attorney then conducted a pat-

ent search, but did not find SEB's patent covering the copied deep fryer design and issued an opinion stating that Pentalpha did not infringe any patents that he found. After receiving the opinion, Pentalpha sold its deep fryers to Sunbeam, which resold them in the United States under its own brand. At trial, SEB accused Pentalpha of inducing Sunbeam to infringe SEB's deep fryer patent, and the jury agreed.²

On appeal to the U.S. Court of Appeals for the Federal Circuit, Pentalpha argued that it could not have induced Sunbeam to infringe because Pentalpha did not even know about the asserted deep fryer patent until SEB filed its lawsuit. The Federal Circuit disagreed, pointing to evidence that: (1) Pentalpha copied SEB's deep fryer; (2) Pentalpha hired an attorney to conduct a right-to-use study, but did not tell him that it had copied SEB's products; (3) Pentalpha's president understood the U.S. patent system and knew SEB might have obtained patent protection for its products; and (4) Pentalpha had no exculpatory evidence supporting its position. Based on that evidence, the Federal Circuit held that the jury was justified in finding inducement—despite Pentalpha's lack of actual knowledge of the asserted patent—because “Pentalpha deliberately disregarded a known risk that SEB had a protective patent [covering its deep fryer product that Pentalpha had copied].”³

The Supreme Court affirmed the jury's inducement finding as well, but not under the Federal Circuit's “deliberate indifference” standard—which the majority rejected because “it permits a finding of knowledge when there is merely a ‘known risk’ that the infringing acts are infringing,” and “does not require active efforts by an inducer to actual knowing about the infringing nature of the activities.”⁴ In its place, the Supreme Court announced a new “willful blindness” test for inducement under which: “(1) the defendant must subjectively believe there is a high probability that [the accused conduct infringes a patent] and (2) the defendant must take deliberate actions to avoid learning of that fact.”⁵ Ac-

ording to the Supreme Court, “these requirements give willful blindness an appropriately limited scope that surpasses recklessness and negligence. Under this formulation, a willfully blind defendant is one who takes deliberate actions to avoid confirming a high probability of wrongdoing and who can almost be said to have actually known the critical facts.”⁶

Applying this new, stricter standard, the Supreme Court concluded that Pentalpha had a subjective belief that there was a “high probability” of infringement based on facts showing that Pentalpha knew about the growing commercial success of the copied SEB deep fryer, and it also knew that this success was driven by “advanced technology” in the copied fryer product that was “an innovation in the U.S. market when Pentalpha copied it.”⁷ And as proof that Pentalpha took deliberate steps to avoid learning whether it did, in fact, infringe, the Supreme Court pointed to: (1) “Pentalpha's decision to copy an overseas model of SEB's fryer” for a U.S.-based product, which was “revealing” because Pentalpha and its CEO were “well aware that products made for overseas markets usually do not bear U.S. patent markings”; and (2) the unexplained decision of Pentalpha's CEO “not to inform the attorney for whom Pentalpha sought a right-to-use opinion that the product to be evaluated was simply a knockoff of SEB's deep fryer,” which was “[e]ven more telling.”⁸ The majority held that, “[t]aken together, this evidence was more than sufficient for a jury to find that Pentalpha subjectively believed there was a high probability that SEB's fryer was patented, that Pentalpha took deliberate steps to avoid knowing that fact, and that it therefore willfully blinded itself to the infringing nature of Sunbeam's sales.”⁹

Justice Anthony M. Kennedy, the lone dissenter, would have required an actual knowledge standard, rather than willful blindness. According to Justice Kennedy, willful blindness brings within Section 271(b)'s prohibition those who lack actual knowledge because “[o]ne can believe that there is a ‘high probability’ that acts might infringe a patent but nonetheless conclude they do not infringe.”¹⁰ That said, he acknowledged that “[f]acts that support willful blindness are often probative of actual knowledge,” and would have remanded the case because the trial record “may suggest knowledge that Pentalpha's fryers were infringing.”¹¹ Justice Kennedy also criticized the majority for endorsing the willful blindness standard “for all federal crimi-

ment, we infer that at least some intent is required” based on the dictionary meanings of “induce” and “actively.” *Id.* Ultimately, after exploring its case law applicable to 35 U.S.C. § 271(c) (for contributory infringement) and from before the Patent Act of 1952, the Court held “that induced infringement under § 271(b) requires knowledge that the induced acts constitute patent infringement.” *Id.* at 2068. The remainder of the decision addresses the circumstances under which “willful blindness” is sufficient to satisfy that requirement.

² *Global-Tech*, 131 S. Ct. at 2064.

³ *SEB S.A. v. Montgomery Ward & Co.*, 594 F.3d 1360, 1377, 2010 BL 24670, 93 U.S.P.Q.2d 1617 (Fed. Cir. 2010) (79 PTCJ 426, 2/12/10). The Federal Circuit explained that its “deliberate indifference” standard was “not different from actual knowledge, but is a form of actual knowledge.” *Id.*

⁴ *Global-Tech*, 131 S. Ct. at 2071; see *Smith & Nephew v. Arthrex, Inc.*, 502 F. App'x 945, 950, 2013 BL 11720 (Fed. Cir. 2013) (“In *Global-Tech*, our court had used ‘deliberate indifference’ as an alternative to actual knowledge, but the Supreme Court considered that ‘willful blindness’ was a better surrogate for actual knowledge than this court's deliberate indifference test.”); *Commil USA, LLC v. Cisco Sys., Inc.*, 720 F.3d 1361, 1366, 2013 BL 167369, 107 U.S.P.Q.2d 1290 (Fed. Cir. 2013) (86 PTCJ 457, 6/28/13) (“[*Global-Tech*] rejected the standard set forth by this court, in part, because it permitted ‘a finding of knowledge when there is merely a ‘known risk’ that the induced acts are infringing.’”).

⁵ *Global-Tech*, 131 S. Ct. at 2070. The Supreme Court began by reviewing Section 271(b), which provides: “Whoever actively induces infringement of the patent shall be liable as an infringer.” The Court described that statutory text as “short” and “simple,” but also “inconclusive” as to whether it requires an accused inducer to: (1) know that the third party acts it induced actually infringed the asserted patent; or (2) know only that it had induced the acts that just happened to infringe. *Id.* at 2065 (“Both readings are possible.”). The Supreme Court also observed that, although the text “makes no mention of in-

⁶ *Id.* at 2070-71.

⁷ *Id.* at 2071.

⁸ *Id.* at 2071 (“On the facts of this case, we cannot fathom what motive [Pentalpha's CEO] could have had for withholding this information other than to manufacture a claim of plausible deniability in the event that his company was later accused of patent infringement.”).

⁹ *Id.* at 2072.

¹⁰ *Id.*

¹¹ *Id.* at 2073.

nal cases involving knowledge” in a civil case, “where it has received no briefing or argument from the criminal defense bar, which might have provided important counsel on this difficult issue.”¹²

II. Post-Global-Tech Cases

In the three years since *Global-Tech*, some broader lessons emerge from cases that have applied the Supreme Court’s willful blindness standard to inducement claims. Importantly, these cases firmly establish that any one fact will likely be insufficient, on its own, to establish willful blindness. Rather, as detailed more fully below, courts assessing willful blindness typically conduct an intensive factual analysis of all relevant circumstances surrounding the accused infringer’s state of mind, including facts bearing on (1) whether the accused inducer should have known about the likely existence of the asserted patent, and its potential resulting infringement and (2) any steps that the accused inducer took, or did not take, when faced with facts suggesting its potential infringement.

A. Factors Relevant to Whether the Accused Inducer Subjectively Believed There Was a “High Probability” of Infringement

Courts have looked to a variety of different types of facts when assessing the first prong of a willful blindness determination: whether the accused inducer subjectively feared there was a “high probability” it was causing others to infringe. As discussed below, pre-litigation notice of the asserted patent vastly increases the chances of a willful blindness finding, while pre-litigation notice of generic patent rights or specific patent rights different from those at issue in the case is less compelling. Additionally, evidence that the accused inducer copied the patentee’s product, especially if the patentee is a competitor and the copied product was successful and/or marked with patent numbers, will likely weigh heavily in favor of a willful blindness finding. At the same time, an accused inducer may be able to defeat a willful blindness claim by offering proof that it subjectively viewed the asserted patent as not infringing and/or invalid.

1. Pre-Litigation Notice of Patent Rights

One fact highly relevant to a willful blindness analysis is whether the accused inducer received pre-litigation notice of the asserted patent. For example, in *Weiland Sliding Doors and Windows, Inc. v. Panda Windows and Doors, LLC*,¹³ the patentee had provided the accused inducer with a copy of the asserted patents before litigation (but did not allege infringement). In denying a motion seeking to dismiss the patentee’s inducement claim, the court found sufficient proof of willful blindness based, in part, on “Defendants’ [prior] knowledge of [the] patents [which] supports an inference that Defendants knew that their product infringed [the] patents.”¹⁴ Likewise, in *Smith & Nephew, Inc. v.*

Arthrex, Inc.,¹⁵ the Federal Circuit upheld the jury’s inducement verdict based largely on trial evidence that the president, owner, chief engineer and group director of the accused inducer all knew about the asserted patent “prior to any infringement.”¹⁶

By contrast, *Illinois Tool Works, Inc. v. MOC Products Co., Inc.*,¹⁷ highlights that mere knowledge of the asserted patent, standing alone, may not be sufficient to establish willful blindness.¹⁸ In that case, the accused inducer was forced to admit pre-litigation knowledge of the asserted patent—because its employee was a named inventor. The accused infringer also had not raised any noninfringement defense during the case. Nevertheless, viewing the evidence in the light most favorable to the accused inducer on summary judgment, the court held that the accused inducer could still defeat a willful blindness claim based on other evidence bearing on its subjective intent and/or whether it took steps to avoid learning about whether it infringed.¹⁹

Several post-*Global-Tech* patentees also have been unable to establish willful blindness where the accused inducer did not receive pre-litigation notice of the asserted patent, but instead received pre-litigation notice that the patentee had generic patent rights or specific patent rights different from those asserted in the case. For example, in *Weiland*, the patentee sent a pre-litigation “Patent License Opportunity” letter to the accused inducer that did not allege infringement, and merely stated that the patentee “has received patents . . . and is considering making these patents available for license to qualified companies.”²⁰ The *Weiland* court observed that it would be reluctant to infer willful blindness from that generic disclosure alone.²¹

¹⁵ 502 F. App’x 945 (Fed. Cir. 2013).

¹⁶ *Smith & Nephew*, 502 F. App’x at 950. In his dissent, Judge Raymond C. Clevenger III pointed to testimony by the accused inducer that it believed it did not infringe, as reflected by its decision not to change the design of its product after learning of the asserted patent. According to Judge Clevenger, a reasonable jury only could conclude from these facts that the accused inducer lacked the required subjective belief of a high probability of infringement. *Id.* at 951. Judge Clevenger reached this conclusion despite evidence that the accused infringer had made no attempt to compare its products with the claims of the asserted patent. *Id.* at 950.

¹⁷ 856 F. Supp. 2d 1156, 2012 BL 270470 (S.D. Cal. 2012).

¹⁸ See also *Allvoice Developments US, LLC v. Microsoft Corp.*, No. 2:10-cv-02102-RAJ (W.D. Wash.), Order at 21, Dec. 23, 2013, ECF No. 244 (finding that, on summary judgment, though the defendant had knowledge of the patent, that knowledge “does not create a genuine issue of material fact regarding whether Microsoft had knowledge (actual or willful blindness) that the induced acts constituted patent infringement”).

¹⁹ *Illinois Tool Works*, 856 F. Supp. 2d at 1169. The court reasoned that the fact an employee of the accused inducer was a named inventor could “tilt” either way—e.g., his knowledge of the patent may have caused him to copy the patented design, or may have allowed him to design a product in a non-infringing manner. In deciding the patentee’s summary judgment motion, the court felt compelled to accept the latter reason, which viewed evidence in the light most favorable to the accused inducer. *Id.* at 1168. Presumably then, if the accused inducer had filed a motion seeking to dismiss the inducement claim, this same fact would have tilted in the patentee’s favor.

²⁰ *Weiland*, *supra* note 14, at 9.

²¹ *Id.* Similarly, in *Toshiba Corp. v. Imation Corp.*, No. 3:09-cv-305-SLC (W.D. Wis.), the court found that a notice letter informing the defendants that plaintiff owned a portfolio of 360

¹² *Id.*

¹³ No. 3:10-cv-677-JLS-MDD (S.D. Cal.).

¹⁴ *Weiland Sliding Doors and Windows, Inc. v. Panda Windows and Doors LLC*, No. 3:10-cv-677-JLS-MDD (S.D. Cal.), Order Den. Defs.’ Mot. to Dismiss at 9, Jan. 23, 2012, ECF No. 126.

Similarly, in *McRee v. Goldman*,²² the patentee alleged willful blindness based on a claim that he had previously informed “someone” in the Mayor’s Office that he had filed a patent application for the now-issued asserted patent, and that city employees and the accused inducer shared “long-standing ties” from which knowledge of the asserted patent could be presumed. The *McRee* court dismissed the inducement claim, finding that willful blindness could not be established based on this weak alleged relationship.²³

In addition, multiple courts have held that willful blindness does not exist simply because an accused inducer received pre-litigation notice of *related* patents, but not the patent-in-suit. For instance, in *IpVenture Inc. v. Lenovo Group Ltd.*,²⁴ the patentee alleged that Dell had willfully blinded itself to third party infringement of the ’599 patent. As support for that theory, the patentee alleged that: (1) before the litigation, it had sent Dell a letter stating that Dell’s products “appear to utilize the technologies patented by [Plaintiff] and may be infringing one or more patents in the ’599 patent family”; (2) Dell itself had obtained patents that cite to the ’599 patent family; and (3) a news article and press release mentioned litigation and licensing involving patents in the ’599 patent family. The court held that these pre-litigation assertions about “one or more patents in the ’599 patent family” were too “tenuous” to support a claim that Dell had willfully blinded itself to infringement of the ’559 patent specifically.²⁵

Similarly, in *Vasudevan Software, Inc. v. Tibco Software Inc.*,²⁶ the patentee accused TIBCO of inducing infringement of the ’864 patent, which was a continuation of the ’006 patent. In support of its willful blindness claim, Vasudevan alleged that: (1) before the litigation, it had demonstrated software to TIBCO, and told TIBCO that the software was covered by both the ’006 patent and the then-pending ’864 patent application. The court found this pre-litigation notice of the related ’006 patent insufficient to prove willful blindness for the ’864 patent. The court noted that it was a “closer question” whether the patentee could premise a willful blindness claim on pre-litigation notice of the then-pending ’864 patent application, but explained that “mere knowledge of a pending patent application is of little significance given the prospect that a patent may

patents was insufficient to establish that defendants were willfully blind to what the patents-in-suit covered or that the acts by end-users of defendants’ technology could infringe those patents. *Id.*, Op. and Order at 42, Apr. 22, 2014, ECF No. 537. In *Weiland*, however, the court did find willful blindness based on other facts, including because (as discussed above) the Patent License Opportunity letter also attached copies of the asserted patents and (as discussed below) the accused inducer had copied the patentee’s products.

²² No. 3:11-cv-00991-LHK (N.D. Cal.).

²³ *McRee v. Goldman*, No. 3:11-cv-00991-LHK (N.D. Cal.), Order Granting Def.’s Mot. to Dismiss; Granting in Part and Den. in Part Joinder in Mot. to Dismiss; Granting United States’ Mot. to Dismiss; and Den. Pls.’s Mot. to Compel at 8, Mar. 19, 2012, ECF No. 109.

²⁴ No. 1:11-cv-00588-RGA (D. Del.).

²⁵ *IpVenture Inc. v. Lenovo Group Ltd.*, No. 1:11-cv-588-RGA (D. Del.), Mem. Order at 2, 4, Jan. 8, 2013, ECF No. 153. The court did allow the patentee to proceed with its claims of inducement based on Dell’s post-filing conduct (i.e., conduct that Dell undertook with actual knowledge of the ’599 patent). *Id.* at 5.

²⁶ No. 3:11-cv-06638-RS (N.D. Cal.).

never be issued, or if issued, be altered or narrowed in scope.”²⁷

Collectively, these decisions suggest that willful blindness may be difficult to prove if the accused inducer was merely aware that the patentee had generic patent rights, had patent rights related to the asserted patent, or had a pending patent application that ultimately issued as the asserted patent. However, in *Global-Tech*, the Supreme Court held that the accused inducer had willfully blinded itself to a patent for which it had no pre-litigation notice at all (and did not even know existed). For that reason, in other cases, different judges may view the same type of pre-litigation notice as valid support for a willful blindness claim—especially if coupled with other evidence suggesting that the accused inducer took deliberate steps to avoid knowledge of the patent (like the accused infringer in *Global-Tech*) and/or otherwise subjectively believed there was a high probability that it infringed.

2. Copying of the Patentee’s Product

In *Global-Tech*, the Supreme Court’s willful blindness holding rested heavily on the fact that the accused inducer had intentionally copied the commercially successful product of the patentee, who was one of the accused inducers’ primary competitors. Similar copying evidence has driven the willful blindness analysis in more recent decisions as well.

For example, in *Weiland*, the record suggested that the accused inducer had copied the patentee’s commercial product, including evidence that: (1) the accused product and patentee’s product were effectively “identical”; (2) an employee of the accused inducer had stated “I’m going to copy that” after seeing the patentee’s products at a tradeshow; and (3) the accused inducer had samples of the patentee’s products in its possession. Because the accused inducer also had pre-litigation notice of the asserted patents, the court found it reasonable to assume from this copying evidence that the accused inducer had willfully blinded itself to the high probability of its infringement: “Defendants’ possession of the patents as well as a copy of [the patentee’s] system, the fact that the products are identical, and [the accused inducer’s employee’s] statement of intent to copy [the patentee’s] system all suggest that Defendants knew their products were infringing.”²⁸ The

²⁷ *Vasudevan Software, Inc. v. Tibco Software Inc.*, No. 3:11-cv-06638-RS (N.D. Cal.), Order Granting Mot. to Dismiss at 8-9, May 18, 2012, ECF No. 79. Ultimately, the court did not decide the motion based on that “closer” question. Rather, it dismissed the willful blindness claim because the patentee’s complaint accused the defendant of “taking deliberate actions to avoid a known risk,” without identifying any affirmative actions that the accused inducer purportedly had taken to avoid gaining actual knowledge of the ’864 patent. *Id.* at 9; see also *Unison Strategic IP, Inc. v. Life Techs. Corp.*, No. 3:13-cv-1278-GPC-JMA (S.D. Cal.), Order Granting Def.’s Mot. to Dismiss at 4-6, Oct. 22, 2013, ECF No. 19 (dismissing claim for induced infringement because complaint only made conclusory allegations that the defendant “intentionally designs and manufactures, markets, promotes, sells, services, supports (including technical support), provides updated software, and educates its customers and suppliers about its SCMS software,” and drawing a distinction between assessing a claim for inducement under Fed. R. Civ. P. 12(b)(6) and assessing the sufficiency of evidence on summary judgment).

²⁸ *Weiland*, *supra* note 14, at 9 (“Defendants’ alleged statements and conduct suggest an intent to create a replica of [the

Weiland court also relied on facts demonstrating that the accused inducers and patentee were competitors—facts “bearing on the likelihood that [the accused inducer] had knowledge of existing patents in the industry, including [the patentee’s].”²⁹

Similarly, in *Minemyer v. R-Boc Representatives, Inc.*,³⁰ the trial record demonstrated that the accused inducer had “slavishly copied [the patentee’s] coupler” (even though the accused inducer admitted that it had observed a patent number on the copied product), and heard from others that the patentee had obtained patents on the relevant features of its copied couplers.³¹ The accused inducer then used the copied coupler to compete against the patentee. Based on these (and other) facts, the court held that the jury had substantial evidence to find that the accused inducer had willfully blinded itself to infringement of the patent covering the patentee’s competing and “slavishly copied” couplers.³²

The Federal Circuit addressed evidence of copying in the context of a willful blindness analysis in *Smith & Nephew*. In that case, there was no direct evidence of copying. However, as discussed above, the undisputed evidence showed that multiple key employees of the accused inducer had actual pre-litigation knowledge of the asserted patent, and only after obtaining that knowledge did they decide to use their product in a manner “that paralleled the patented method steps [set forth in the asserted patent].” The Federal Circuit found that this evidence (suggesting copying of the patent) was sufficient to uphold the jury’s inducement verdict.³³

As illustrated in these cases, copying evidence can strongly enhance a willful blindness claim—especially when the patentee and accused inducer are competitors, and especially when the copied product is commercially successful (or otherwise bears indicia of patent protection, such as patent markings).

3. The Existence of a Competitive Relationship Between the Patentee and Accused Inducer

As discussed above, *Global-Tech* and other cases have upheld claims of willful blindness based on evidence of copying, particularly when the copied products are from a competitor. As the court in *Weiland* explained, the existence of that type of competitive relationship “bear[s] on the likelihood that [the accused inducer] had knowledge of existing patents in the industry, including [the patentee’s].”³⁴

For example, in *Lutron Electronics Co., Inc. v. Crestron Electronics, Inc.*,³⁵ the court denied the accused inducer’s summary judgment motion on inducement, in part, because the parties were competitors. The court also considered evidence that industry publications had

reported on two different lawsuits the patentee had filed alleging infringement of the same patent, and that the patentee’s products had patent markings on them. Taken together, the court found that a fact-finder could infer from this evidence of competition and industry knowledge that the accused inducer had engaged in willful blindness, even if it did not have actual knowledge of the patent.³⁶ Similarly, in *ePlus Inc. v. Lawson Software, Inc.*,³⁷ the parties’ competitive relationship factored into the court’s willful blindness analysis. The court found that this relationship, along with evidence that the accused inducer had relied on industry research analysts who had publicized the patentee’s prior litigations involving the same asserted patents, was sufficient evidence to support the jury’s finding of willful blindness.³⁸

In some cases, however, courts have dismissed willful blindness claims despite the existence of a competitive relationship between the patentee and accused inducer. For instance, in *Vasudevan*, the patentee attempted to defeat a motion to dismiss its inducement claim, in part, by alleging that the patentee and accused inducer “were ‘among only a handful of competitors in the [field of the asserted patent].’” Nevertheless, the court still dismissed the inducement claim, finding that the allegation directed to the parties’ competitive relationship (even when paired with other allegations) was “insufficient to sustain a claim under a theory of willful blindness.”³⁹ Likewise, in *Pacing Technologies, LLC v. Garmin International, Inc.*,⁴⁰ the patent holder alleged that the accused inducer actively participated in the research, development, marketing and sale of products that competed with the patentee’s products. Also, the accused infringer held hundreds of patents, regularly filed patent applications and performed patent and prior art searches related to the accused products. The court held that these allegations, along with allegations of patent marking, were “too speculative” to support a reasonable inference that the accused inducer had knowledge of the patent before the litigation.⁴¹

These conflicting results suggest that some courts will view a competitive relationship between the patentee and accused inducer as important evidence underlying a willful blindness claim (because a company is more likely to know about the patent rights of its competitors), while other courts may not.

³⁶ *Lutron Elecs.*, 970 F. Supp. 2d at 1238.

³⁷ No. 3:09-cv-620-REP (E.D. Va.).

³⁸ *ePlus Inc. v. Lawson Software, Inc.*, No. 3:09-cv-620-REP (E.D. Va.), Mem. Op. at 9-10, Oct. 4, 2011, ECF No. 819.

³⁹ *Vasudevan*, *supra* note 27, at 8-9.

⁴⁰ No. 3:12-cv-1067-BEN-JLB (S.D. Cal.).

⁴¹ *Pacing Techs., LLC v. Garmin Int’l, Inc.*, No. 3:12-cv-1067-BEN-JLB (S.D. Cal.), Order Granting in Part Defs.’ Partial Mot. to Dismiss at 3-4, Feb. 5, 2013, ECF No. 55 (citing *MONEC Holding Ag v. Motorola Mobility, Inc.*, 897 F. Supp. 2d 225, 232, 2012 BL 246973 (D. Del. 2012) (“This court has not been convinced of the sufficiency of pleadings charging knowledge that is based upon a defendant’s participation in the same market, media publicity and unrelated litigation by the defendant’s competitors concerning the relevant patents.”)). The court, however, permitted the inducement claim to proceed based on post-filing conduct. *Id.* at 4-5.

patentee’s] patented product. That, combined with Defendants’ knowledge of [the patentee’s] patents supports an inference that Defendants knew that their product infringed [the patentee’s] patents.”)

²⁹ *Id.* at 7.

³⁰ No. 1:07-cv-01763 (N.D. Ill.).

³¹ *Minemyer v. R-Boc Representatives, Inc.*, No. 1:07-cv-01763 (N.D. Ill.), Mem. Op. and Order at 28-29, June 13, 2012, ECF No. 515.

³² *Id.* at 27-30.

³³ *Smith & Nephew*, 502 F. App’x at 950.

³⁴ *Weiland*, *supra* note 14, at 7.

³⁵ 970 F. Supp. 2d 1229, 2013 BL 243311 (D. Utah 2013).

4. Potentially Exculpatory Evidence Bearing on the Accused Inducer's Subjective Beliefs

Under *Global-Tech*, the first prong of a willful blindness analysis ultimately turns on whether the accused inducer subjectively believed there was a “high probability” that it infringed the asserted patent. As such, in *Commil USA, LLC v. Cisco Systems, Inc.*,⁴² the Federal Circuit confirmed that “a good-faith belief of non-infringement is relevant evidence that tends to show that an accused inducer lacked the intent required to be held liable for induced infringement.”⁴³

Normally, an accused inducer will attempt to establish its belief of noninfringement based on its own conduct. But one case shows that an accused inducer may be able to rely on the pre-litigation conduct of the patentee as well. As discussed above, in *Illinois Tool Works*, the accused inducer admitted knowledge of the asserted patent (because its employee was a named inventor) and did not assert a noninfringement defense.⁴⁴ Yet, the court held that the accused inducer still could prove that it lacked the subjective belief necessary to support a willful blindness claim, in part, because the patentee had known about the accused activities for years, without ever accusing them as infringing. That is, by failing to allege infringement, the patentee may have contributed to the accused inducer's subjective belief of noninfringement.⁴⁵

An accused inducer also can refute a willful blindness claim if it proves a subjective belief that the asserted patent was invalid. In *Commil*, the district court had granted a motion in limine precluding the accused inducer from defending itself against an inducement claim by offering evidence that it understood the asserted claims to be invalid. On appeal, the Federal Circuit reversed, holding that “evidence of an accused inducer's good-faith belief of invalidity may negate the requisite intent for induced infringement.”⁴⁶ In reach-

⁴² 720 F.3d 1361 (Fed. Cir. 2013).

⁴³ *Commil*, 720 F.3d at 1367-68; see also *Smith & Nephew*, 502 F. App'x at 950 (discussing the accused inducer's attempt to avoid a willful blindness claim “based on the testimony offered by its employees at trial describing the differences between the accused products and the patent”).

⁴⁴ *Illinois Tool Works*, 856 F. Supp. 2d at 1168.

⁴⁵ *Id.* at 1167-68 (“Though ITW is correct that the knowledge inquiry ‘focuses on [the accused inducer's] knowledge—not on [the patentee's] actions or inactions,’ . . . the Court finds that, viewing the evidence in the light most favorable to [the accused inducer], [the patentee's] inaction can have some bearing on whether [the accused inducer] knew the acts it induced were infringing. . . . Had ITW indicated to MOC at any point that it believed MOC's product infringed the '638 Patent, this would suggest that MOC—at a minimum—‘subjectively believe[d] that there [wa]s a high probability’ that its product was infringing. But ITW never made such an indication.”).

⁴⁶ *Commil*, 720 F.3d at 1368. The same issue arose more recently in *Bose Corp. v. SDI Techs., Inc.*, No. 13-1347 (Fed. Cir.), where the defendant asserted a good-faith belief of invalidity based on an opinion of counsel, and the district court granted summary judgment of no inducement due to lack of intent. *Id.*, Op. at 5, Mar. 14, 2014, ECF No. 52-2. The Federal Circuit vacated that decision, in part, by parsing out intent differently for different periods of time: (i) before defendant knew of the patent (no showing of intent to cause infringement); (ii) between knowledge of the patent and receipt of the opinion of counsel (triable issue for jury); and (iii) after a verdict of infringement and no invalidity (opinion of counsel not a defense). See *id.* at 16-20. The Court stated that, during the period between receipt

ing that conclusion, the Federal Circuit noted “[w]e see no principled distinction between a good-faith belief of invalidity and a good-faith belief of non-infringement for the purpose of whether a defendant possessed the specific intent to induce infringement of a patent.”⁴⁷

In sum, these decisions stress the importance for accused inducers to develop a trial story (if possible) detailing a good faith belief that the asserted patent is not infringed, invalid or both—including, if applicable, evidence that the patentee delayed in bringing suit, evidence of efforts to develop the accused products without using the patented features and (as discussed further in Section II.B.1 below) evidence of noninfringement and/or invalidity opinions.⁴⁸

B. Whether the Accused Inducer Took Affirmative Steps to Avoid Learning Whether It Infringed the Asserted Patent

Global-Tech and its progeny explain that, even if the accused inducer knew there was a “high probability” of infringement, a willful blindness determination still requires proof that the accused inducer *took affirmative steps to avoid* learning whether it actually infringed.⁴⁹ This issue has arisen most frequently in connection with opinions of counsel, design-around efforts and patent monitoring programs. In short, an accused infringer's action or inaction in the face of knowledge of a high probability of infringement will be critical in analyzing whether it has taken “deliberate actions” to avoid confirming the possibility of infringement.

of an opinion letter and a jury verdict of infringement, “[a] party seeking to show lack of the requisite intent to infringe, based on receipt of a competent counsel opinion of noninfringement or of invalidity, must also show that it ‘had exercised reasonable and good-faith adherence to the analysis and advice therein.’” *Id.* at 19-20 (quoting *Central Soya Co., Inc. v. George A. Hormel & Co.*, 723 F.2d 1573, 1577, 220 U.S.P.Q. 490 (Fed. Cir. 1983)).

⁴⁷ *Commil*, 720 F.3d at 1368. The Federal Circuit denied a petition to rehear the *Commil* panel decision en banc (87 PTCJ 12, 11/1/13). In dissenting from that denial, three judges (Newman, Rader, and Reyna) argued that, under prior panel decisions, a belief of invalidity cannot excuse inducement due to the presumption of validity that attaches to an issued patent. See *Commil USA, LLC, v. Cisco Sys, Inc.*, 737 F.3d 699, 702-03, 2013 BL 297671, 108 U.S.P.Q.2d 1653 (Fed. Cir. Oct. 25, 2013) (Reyna, J., dissenting); *id.* at 703-04 (Newman, J., dissenting). On May 27, 2014, the Supreme Court asked the Solicitor General to provide its views on the *Commil* case. See *Commil USA, LLC, v. Cisco Sys, Inc.*, No. 13-896 (U.S. May 27, 2014) (88 PTCJ 315, 5/30/14). The Solicitor General has not yet responded to that request from the Supreme Court at the time of this article.

⁴⁸ As discussed in Section II.B.3 below, some companies monitor the issued patents of competitors, and accused inducers have relied on these programs in an attempt to prove that they did not try to avoid knowing whether they infringed (relevant to the second willful blindness prong). At the same time, patentees may attempt to use the existence of these monitoring programs as circumstantial evidence that an accused inducer likely had actual knowledge of the asserted patent and its infringement of that patent (relevant to the first willful blindness prong).

⁴⁹ *Global-Tech*, 131 S. Ct. at 2070 (holding that willful blindness requires proof that the accused inducer “[t]ook deliberate actions to avoid confirming a high probability of wrongdoing”).

1. Opinions of Counsel

In *Global-Tech*, the accused inducer had obtained a patent clearance opinion for its accused products—but without informing the patent lawyer that the accused product was copied directly from a competitor’s product, leading the attorney to miss the competitor’s patent in his search and analysis. The Supreme Court refused to treat the opinion as competent evidence of a subjective belief of noninfringement and instead viewed it as “telling” proof that the accused inducer had willfully blinded itself to learning whether it actually infringed the asserted patent.⁵⁰ In subsequent cases, courts conducting a willful blindness analysis have continued to place heavy emphasis on whether the accused inducer obtained an opinion of counsel, and if so, the reasonableness of that opinion.⁵¹

For example, in *Minemyer*, a jury found that the accused inducer had induced others to infringe a patent directed to coupler devices. On a motion for judgment as a matter of law, the court upheld the jury’s inducement verdict, in part, because the accused inducer did not seek his own opinion of counsel. Instead, when faced with knowledge that he might be inducing others to infringe, the accused inducer merely called another defendant who claimed (based on supposed assurances received from a lawyer) that the asserted patent only covered two-piece couplers and not one-piece couplers like those accused in the case. The court cast the accused inducer’s failure to obtain his own legal opinion as proof of a deliberate attempt to avoid confirmation that he was infringing.⁵² The court described that avoidance effort as “the ‘fear’ that turns negligence into intent.”⁵³

Several other courts (in cases filed before Jan. 14, 2013) have also treated the lack of a reasonable opinion

⁵⁰ *Id.* at 2071 (“On the facts of this case, we cannot fathom what motive [Pentalpha’s CEO] could have had for withholding this information other than to manufacture a claim of plausible deniability in the event that his company was later accused of patent infringement.”).

⁵¹ The America Invents Act provides that, for cases filed on or after Jan. 14, 2013, courts may not use the *absence* of an opinion of counsel as evidence of willful blindness. 35 U.S.C. § 298 (2011) (“The failure of an infringer to obtain the advice of counsel with respect to any allegedly infringed patent, or the failure to present such advice to the court or jury, may not be used to prove that the accused infringer . . . intended to induce infringement of the patent.”); see *Leahy-Smith America Invents Technical Corrections*, Pub. L. No. 112-274, § 1(a), 126 Stat. 2456 (2013) (“Notwithstanding section 35 of the Leahy-Smith America Invents Act (35 U.S.C. 1 note), section 298 of title 35, United States Code, shall apply to any civil action commenced on or after the date of the enactment of this Act.”).

⁵² *Minemyer*, *supra* note 31, at 28-30. The court reached the same willful blindness conclusion with respect to another defendant who had called the same defendant and also accepted the other defendant’s word that the asserted patent was not relevant, without making any investigation of his own. *Id.* at 30-31. The court also concluded that willful blindness only requires proof by a preponderance of the evidence, and not by clear and convincing evidence (as the accused inducer had argued). *Id.* at 27.

⁵³ *Id.* at 30-31 (citing *Anderson v. Cornejo*, 355 F.3d 1021, 1026 (7th Cir. 1990) (“Opinions often say that averting one’s eyes for fear of what one would see is a form of knowledge, . . . but lest this turn negligence into intent, it is important to emphasize the ‘fear’ part of the formula: The ostrich must know that there is danger, before an inference of intent may be drawn.”)).

of counsel as support for a finding of willful blindness. For example, in *Weiland*, the court denied a motion seeking to dismiss an inducement claim, in part, because the accused inducer had failed to obtain a patent clearance opinion.⁵⁴ Similarly, in *DataQuill Ltd. v. High Tech Computer Corp.*,⁵⁵ the court denied a motion seeking to dismiss an inducement claim on summary judgment. The court distinguished an earlier case that had granted summary judgment of no inducement because the accused inducer in that case had obtained a pre-litigation opinion letter from its patent counsel—unlike the *DataQuill* accused inducer, who had no opinion for the patents-in-suit, which might suggest to a jury that the accused inducer had attempted to avoid knowing whether it infringed.⁵⁶

These decisions indicate that a party put on notice that it might be inducing others to infringe should strongly consider obtaining a noninfringement and/or invalidity opinion—and if it does, it should provide its opinion counsel with all relevant facts bearing on its alleged infringement, including whether it copied the patentee’s product. A competent opinion may help an accused infringer with both prongs of a willful blindness inquiry—i.e., it can help prove a subjective belief of noninfringement and/or invalidity, and can help show that the accused inducer did not attempt to avoid learning whether it infringed. Conversely, the lack of an opinion itself might be deemed as affirmative proof of willful blindness in litigations initiated prior to Jan. 14, 2013.

2. Design-Around Efforts

Courts also have treated prompt efforts to design-around the asserted patent as evidence undercutting a willful blindness claim. For example, in *Illinois Tool Works*, the court rejected a willful blindness theory where the accused inducer promptly redesigned its product once accused of infringement. The court reasoned that this effort to design around the asserted patent was inconsistent with a conclusion that the accused inducer was trying to “avoid discovering whether it was infringing.”⁵⁷

By contrast, if there has been notice of possible infringement, a court may take an accused inducer’s failure to consider a design around as evidence of willful blindness. For example, in *Smith & Nephew*, the court affirmed a jury verdict of willful blindness where “the jury heard that [the accused inducer] made no attempt to compare its [accused products] to the claims of the [asserted] patent.”⁵⁸ Similarly, *Alibaba.com Hong Kong Ltd. v. P.S. Products, Inc.*, No. 3:10-cv-04457-WHA (N.D. Cal.), illustrates how an accused inducer’s inaction may support a finding of willful blindness. In that case, the accused inducers operated and promoted

⁵⁴ *Weiland*, *supra* note 14, at 8-9. The court applied the *Iqbal* standard to the motion to dismiss, determining whether the patentee had pleaded sufficient facts to infer that the accused inducer had knowledge of the asserted patents and its likely infringement of those patents. *Id.* at 7; see also *McRee*, *supra* note 23, at 7-8 (applying same standard).

⁵⁵ 887 F. Supp. 2d 999, 2011 BL 339452 (S.D. Cal. 2011).

⁵⁶ *Id.* at 1013.

⁵⁷ *Illinois Tool Works*, 856 F. Supp. 2d at 1168 (“Thus, once [the accused inducer] knew of a high probability of infringement, it took deliberate action to avoid infringing, not to avoid discovering whether it was infringing.”).

⁵⁸ *Smith & Nephew*, 502 F. App’x at 950.

websites that facilitated business-to-business sales. After being accused of infringement, the accused inducers removed the accused content from their websites, but did not establish when they had done so. Based on this lack of proof, the court denied the accused inducers' motion for summary judgment of no inducement because a reasonable jury could find willful blindness based on evidence that the accused inducer had deliberately maintained the accused content on its website for an unduly long period after receiving the infringement notice.⁵⁹

3. Patent Monitoring Programs

Another relevant consideration for a willful blindness analysis is whether the accused inducer has implemented a patent monitoring program—a fact that can both help and hurt the accused inducer.

By way of example, in *Monec Holdings*, three defendants moved to dismiss a claim that they had induced infringement of the asserted '678 patent directed to an electronic book. The patentee argued that, because each defendant “actively monitored the litigation activities of their competitors,” they knew about the '678 patent or, alternatively, had made themselves willfully blind to its existence.⁶⁰ The court disagreed, holding that the existence of the patent monitoring programs did not “suggest that [d]efendants purposefully avoided knowledge of the '678 patent”; rather the allegations “plainly indicate[d] that each Defendant, as a reasonable economic actor and competitor, likely monitors the activities of its primary competitors, . . . [and] actively sought out knowledge of their competitors' patent litigation activities.”⁶¹ In other words, the court viewed the existence of these patent monitoring programs as evidence weighing *against* a finding that the accused inducers had tried to *avoid* learning about their potential infringement.

The *absence* of a patent monitoring program was at issue in *Apeldyn Corp. v. AU Optronics*.⁶² In that case, the accused inducer moved for summary judgment of no inducement, arguing that it lacked the requisite knowledge for an inducement claim. In response, the patentee argued that willful blindness could be inferred

based on evidence that the accused inducer had an affirmative policy of *not* monitoring the patents of its competitors, despite more than sufficient resources to do so. The court found that this mere absence of a patent monitoring program was insufficient to establish willful blindness: “At best [the patentee] has framed [the accused inducer] as a reckless or negligent defendant—not a willfully blind one. . . . These actions fall short of willful blindness as articulated by *Global-Tech*.”⁶³

These cases suggest that patent monitoring activities are a two-edged sword. On the one hand, patentees may try to use the *existence* of patent monitoring programs to establish that the accused inducer subjectively believed there was a high probability of infringement, or they may try to use the *absence* of a monitoring program to show that the accused inducer attempted to avoid discovering that it infringed. On the other hand, accused inducers may try to rely on their own patent monitoring programs to show that they did not take deliberate steps to avoid knowing whether they infringed.

III. Conclusion

Global-Tech established a fact-intensive willful blindness test for inducement that turns on whether the accused inducer subjectively feared there was a “high probability” that it infringed, and if so, whether the accused inducer took affirmative steps to avoid learning whether its infringement fears might be true. Post-*Global-Tech* decisions identify certain factors relevant to that inquiry—including whether the accused inducer: (1) had actual pre-litigation knowledge of the asserted patent; (2) copied the patentee's product, especially if the patentee and accused inducer are competitors and the copied product was successful and/or marked with one or more patent numbers; (3) obtained an exculpatory opinion of counsel; (4) attempted to design around the asserted patent; or (5) established a patent monitoring program.

In the end, however, none of these factors is likely to be dispositive, standing alone. Instead, the ultimate outcome of a willful blindness analysis will likely turn on the totality of specific facts in each case and the presiding judge or jury assessing them.

⁵⁹ *Alibaba.com Hong Kong Ltd. v. P.S. Products, Inc.*, No. 3:10-cv-04457-WHA (N.D. Cal.), Order Den. Mot. for Summ. J. at 5-6, May 11, 2012, ECF No. 77.

⁶⁰ *Monec Holdings*, 897 F. Supp. 2d at 231.

⁶¹ *Id.* at 234 (emphasis added) (internal quotations and citations omitted).

⁶² 831 F. Supp. 2d 817, 2011 BL 292148 (D. Del. 2011).

⁶³ *Apeldyn Corp.*, 831 F. Supp. 2d at 831. The America's Invent Act does not have any provision barring reliance on the absence of a patent monitoring program (unlike its prohibition barring reliance on evidence showing the absence of opinions of counsel).