

New Life For Opinions Of Counsel In Patent Litigation

Law360, New York (December 7, 2016, 10:28 AM EST) –

After 2007, the value of obtaining an opinion of counsel when confronted with claims of infringement reached a historical low. Federal Circuit case law made such evidence, which generally relates to the subjective state of mind of an alleged infringer, less relevant than objective evidence in resolving legal issues such as willfulness. But two recent U.S. Supreme Court decisions, in combination with a new statutory provision in the America Invents Act, have made opinions of counsel a more attractive option for accused infringers. While the full impact of these decisions is not yet certain, trial courts already appear to be giving greater weight and prominence to opinions of counsel in evaluating claims of willful and induced infringement.

Opinions of Counsel

Prior to 2007, an accused infringer had an affirmative duty of due care to determine whether or not it was infringing the accuser's patent. This duty included an obligation to seek out legal advice of counsel before starting any potentially infringing activity. Reasonable reliance on a competent opinion was "highly probative evidence" of a good-faith defense to a claim of willful infringement, and the failure to obtain a competent opinion could be evidence of a failure to act with the required due care.

The Federal Circuit's 2007 decision in *In re Seagate* overturned that framework. It replaced the previous standard with a requirement that allegations of willful infringement be proven by a showing of not only subjective intent but also objective recklessness. *In re Seagate Tech. LLC*, 497 F.3d 1360, 1371 (Fed. Cir. 2007) (en banc). The *Seagate* opinion emphasized that there was "no affirmative obligation to obtain opinion of counsel" when confronted with a claim of infringement. *Id.*

By requiring both subjective and objective evidence of willfulness, the Federal Circuit undercut the primary utility of obtaining an opinion from counsel. A defendant could defeat a willfulness allegation solely on the basis of objective evidence, and the Federal Circuit held that any reasonable defense — even if developed after notice of infringement and introduced for the first time at trial — could suffice to defend against a charge of willful infringement. See, e.g., *Carnegie Mellon Univ. v. Marvell Tech. Grp. Ltd.*, 807 F.3d 1283, 1301 (Fed. Cir. 2015). If the existence of any reasonable defense ends the inquiry, evidence of diligent investigation or reasonable reliance on an opinion of counsel has diminished value.

Recent Supreme Court Decisions

Two significant Supreme Court opinions and one statutory addition in the last few years suggest that obtaining the advice of counsel may now have greater value.

First, the Supreme Court's 2011 opinion in *Global-Tech Appliances Inc. v. SEB SA* held that induced infringement



Todd Zubler



George Brell

requires knowledge that the induced acts constitute patent infringement. *Global-Tech Appliances Inc. v. SEB SA*, 563 U.S. 754, 766 (2011). After *Global-Tech*, an opinion of counsel represents some of the strongest evidence that can be brought to bear to show that the defendant did not have this requisite knowledge. Obtaining an opinion also can help defeat an allegation that the defendant was “willfully blind” to potential infringement — the other avenue for establishing induced infringement that the Supreme Court left open in *Global-Tech*.

Second, seeking an opinion of counsel has become a safer option since Congress enacted 35 U.S.C. § 298 in 2011. Section 298 provides that “failure ... to obtain the advice of counsel [or] ... to present such advice to the court or jury, may not be used to prove” willful infringement or induced infringement. Congress enacted § 298 to legislatively abrogate the Federal Circuit’s decision in *Broadcom v. Qualcomm*, which had held that the failure to obtain an opinion of counsel could still be relevant to induced infringement (even if it was no longer relevant to willful infringement after *Seagate*). See *Broadcom Corp. v. Qualcomm Inc.*, 543 F.3d 683, 699 (Fed. Cir. 2008) (“[W]e ... hold that the failure to procure such an opinion may be probative of intent in this context”). Section 298 makes clear that a defendant need not obtain an opinion of counsel because the failure to obtain one cannot be used against the defendant. Moreover, because a plaintiff also cannot use against a defendant the failure to present an opinion that the defendant did obtain, the risks associated with receiving an unfavorable or middling opinion have lessened.

Finally, the Supreme Court’s decision last term in *Halo Electronics Inc. v. Pulse Electronics Inc.* overturned the willfulness framework articulated in *Seagate* and increased the relevance of subjective intent and the advice of counsel. The court criticized the *Seagate* test because it meant that any reasonable defense at trial could “insulate[] the infringer from enhanced damages, even if he did not act on the basis of the defense or was even aware of it.” *Halo Elecs. Inc. v. Pulse Elecs. Inc.*, 136 S. Ct. 1923, 1926 (2016). The *Halo* court therefore held that objective recklessness is no longer a prerequisite for enhanced damages or a finding of willfulness. The court held that culpability ought to be measured instead based on the actor’s knowledge at the time of infringement. To be sure, the Federal Circuit has confirmed since *Halo* that the objective reasonableness of a party’s defenses is still relevant to deciding whether to enhance damages under 35 U.S.C. § 284. See *WesternGeco LLC v. ION Geophysical Corp.*, 837 F.3d 1358, 1363 (Fed. Cir. 2016). But after *Halo*, claims of willfulness are now more likely to turn on subjective questions of knowledge, much like induced infringement. And as discussed above, prompt investigation and seeking the advice of counsel may provide strong evidence to negate allegations of subjective knowledge.

In Practice

Because *Halo* is so recent, its impact on the benefits of obtaining an opinion of counsel is not yet clear. Two recent post-*Halo* district court decisions, however, suggest that opinions of counsel are, indeed, becoming more relevant again in the resolution of willfulness allegations.

For example, in *LoggerHead Tools LLC v. Sears Holding Corp.*, No. 12-CV-9033, (N.D. Ill. Sept. 20, 2016), the district court granted a motion for summary judgment of no willful infringement based on the defendant’s seeking of advice from counsel. The court noted that “[o]ne relevant consideration is that ‘[o]n-going consultation with a patent lawyer is highly

probative evidence of good faith.” Id. The defendant’s consultations with counsel — which specifically included a noninfringement opinion prior to the litigation — were the main evidence that the court relied upon to grant summary judgment in favor of the defendant.

Similarly, in *Trustees of Boston University v. Everlight Electronics Co.*, No. 12-11935-PBS, (D. Mass. July 22, 2016), the district court refused to award enhanced damages even after a jury found willful infringement because the defendant had sought the advice of counsel. The defendants had responded to the allegations of infringement by immediately hiring two law firms to provide infringement opinions. The judge credited the defendants’ noninfringement opinions even though they were undercut by an adverse claim construction in related litigation. The court noted that it was ruling in favor of the defendants at least in part because they had maintained the same defense from investigation through trial.

These recent trial court cases, in combination with the Supreme Court’s latest case law, suggest that the value of obtaining an opinion of counsel is on the rise. Whether to present an opinion of counsel at trial will depend on many circumstances, including whether the opinion is consistent with the defendant’s trial defenses. But the decision to obtain an opinion of counsel in the first place has gotten easier, potentially providing greater benefit with less risk to a party accused of infringement.

Todd Zubler is a partner in the Washington, D.C., office of [WilmerHale](#). *George Brell* is a senior associate in the firm’s Boston office.

The opinions expressed are those of the author(s) and do not necessarily reflect the views of the firm, its clients, or Portfolio Media Inc., or any of its or their respective affiliates. This article is for general information purposes and is not intended to be and should not be taken as legal advice.