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In Re Seagate: Effects and Future Development of Willful Patent Infringement

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IN RE SEAGATE: EFFECTS AND FUTURE DEVELOPMENT OF WILLFUL PATENT INFRINGEMENT

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I. INTRODUCTION

For more than twenty years, the willful patent infringement doctrine has plagued those involved in patent law.1 In the recent decision of In re Seagate Technology,2 the U.S. Court of Appeals for the Federal Circuit ("Federal Circuit") changed the law of willful patent infringement3 by abolishing the longstanding rule of the "affirmative duty of care" and the "affirmative obligation to obtain opinion of counsel."4 This decision overruled the previous standard set forth in Underwater Devices Inc. v. Morrison-Knudsen Co.,5 which was

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1 The Federal Circuit has made many attempts over the years to modify the willful infringement standard and its effects on the attorney-client privilege and work product doctrine to overcome the problems associated with this affirmative duty of care. See infra Part II.B.
2 497 F.3d 1360 (Fed. Cir. 2007).
3 See infra Part III. See also Donald S. Chisum, Donald S. Chisum on Willful Infringement, Objective Recklessness and the Trial Attorney-Client Privilege, LEXISNEXIS EXPERT COMMENTARIES, Sept. 27, 2007, available at LEXIS (search "All Expert Commentaries" database by author).
4 In re Seagate, 497 F.3d at 1371.
5 717 F.2d 1380 (Fed. Cir. 1983). The standard set forth in Underwater Devices came one year after the creation of the Federal Circuit. The Federal Circuit in Underwater Devices announced that a potential infringer has "an affirmative duty to exercise due care to determine whether or not he is infringing . . . [which] includes, inter alia, the duty to seek and obtain competent legal advice from counsel before the initiation of any possible infringing activity." Id. at https://researchrepository.wvu.edu/wvlr/vol111/iss2/11
a low threshold standard for willful negligence, and set forth a new standard requiring at least a showing of objective recklessness. The decision in In re Seagate did not come lightly as there have been several attempts to change the "affirmative duty of care" standard to combat the many problems associated with this standard. The Federal Circuit intended to eliminate the problems associated with the application of the standard for willful patent infringement; however, the Federal Circuit has tipped the balance in favor of the defendants in willful patent infringement claims. Although the scales have tipped in favor of the defendants, the benefits of this new standard outweigh any potential adverse effects on the patent system and those involved in patent litigation.

The decision by the Federal Circuit in In re Seagate set forth the objective recklessness standard for willful patent infringement, but the Court has left it up to future cases to develop the application of this new standard. This Note will focus on predicting the future development of the objective recklessness standard, the effects on the attorney-client privilege and work product doctrine, and the likely effects on those involved in patent law. Part II of this Note will discuss the pre-In re Seagate standard of willful patent infringement and the problems associated with this standard on the patent system, the attorney-client privilege, and the work product doctrine. Part III of this Note will discuss the decision set forth in In re Seagate and analyze the questions that the Federal Circuit attempted to answer in its decision. Part IV of this Note turns to the future of willful patent infringement and how this new standard of objective recklessness will affect the patent system and the litigants involved in patent law. More specifically, this section will attempt to predict the future development of the objective recklessness standard and its effects on the patent system by applying reasoning which the Federal Circuit used in its decision in In re Seagate, analyzing civil and copyright case law—which allows for punitive or treble damages—and analyzing post-In re Seagate decisions that discuss the new objective recklessness standard. Predicting the future development of the objective recklessness standard is necessary to fully understand its implications and effects on future litigants in willful patent infringement claims.

1389-90 (italics part of original); see Milgo Elec. Corp. v. United Bus. Commc'ns, Inc., 623 F.2d 645, 666 (10th Cir. 1980); Gen. Elec. Co. v. Sciaky Bros., Inc., 415 F.2d 1068, 1073-74 (6th Cir. 1969). Although the application of this standard has changed throughout the years, the affirmative duty of care remained intact until the decision in In re Seagate.

6 In re Seagate, 497 F.3d at 1371.
7 See supra note 1.
8 See infra Part IV.C.1.
9 497 F.3d 1360 (Fed. Cir. 2007).
10 Id. at 1371. Although the Federal Circuit defined the new standard as requiring at least a showing of objective recklessness, the Court noted that the application of this standard will be developed in future cases.
11 Id.
II. THE HISTORY OF WILLFUL PATENT INFRINGEMENT AS IT EXISTED PRIOR TO IN RE SEAGATE

A. The Standard for Willful Patent Infringement Prior to In Re Seagate

The Supreme Court has observed that "willful" is a term of art that, although widely used in the law, has not been given a precise definition. However, the Federal Circuit has not expressly defined the term with respect to patent infringement, nor is the term defined in any statutory authority. Instead, the Federal Circuit derived its definition of willfulness in patent infringement by "analogizing that the common law principle disfavoring an intentional disregard of legal rights should apply not only to civil laws, but patent laws as well." However, lower courts generally understood the term "willful" to refer to conduct that is not merely negligent but voluntary and intentional. A patent right is regarded as personal property, and as such, the patent holder has the right to exclude others from using the patented product. Therefore, when an individual or other entity uses a patented product without the authorization of the patent holder, the user is infringing on the patent holder's right to the exclusive use of his or her patent. The willful patent infringement doctrine makes intentional or voluntary infringement less attractive because it allows the holder to seek treble damages. The purpose of treble damages is to give courts the authority

14 Id.
15 McLaughlin, 486 U.S. at 133; BLACK'S LAW DICTIONARY 1630 (8th ed. 2004).
16 Avery v. Wilson, 20 F. 856, 857 (C.C.W.D.N.C. 1884).
17 E.g., King Instruments Corp. v. Perego, 65 F.3d 941, 948 (Fed. Cir. 1995). A more expansive list of a patent holder's rights include:

the right to obtain a reasonable royalty from any person who . . .

(A)(i) makes, uses, offers for sale, or sells in the United States the invention as claimed in the published patent application or imports such an invention into the United States; or
(ii) if the invention as claimed in the published patent application is a process, uses, offers for sale, or sells in the United States or imports into the United States products made by that process as claimed in the published patent application.

19 See Smith Corona Corp. v. Pelikan, Inc., 784 F. Supp. 452, 478-79 (M.D. Tenn. 1992) (the court held that upon a finding of willful infringement, the court may increase the damages up to three times the amount found); see also Golden Blount, Inc. v. Robert H. Peterson Co., 438 F.3d 1354, 1371 (Fed. Cir. 2006) (the court calculated the damages to be $429,256 and upon a finding of willful infringement, the court trebled the award and increased the damages to $1,287,766).
to award the patent holder up to three times the total amount of damages. Treble damages are applied when the infringer knew his or her actions were in fact infringing on the patent but continued to do so in the face of the harm such activity would likely cause the patent holder.

Under the standard set forth in Underwater Devices, the alleged infringer had an affirmative duty to exercise due care and to seek and obtain competent legal advice from counsel when there was a reason to believe that his or her activity may be infringing on a patent holder’s rights. Under this standard, the patent holder must demonstrate by clear and convincing evidence that the infringer acted in disregard of his or her patent. Although there was no requirement that the alleged infringer obtain an opinion of counsel to determine if his or her actions were infringing, without such evidence the trier of fact could infer that the alleged infringer did not obtain an opinion of counsel or that the counsel’s opinion advised the alleged infringer that his or her activities would in fact infringe the patent. This adverse inference meant, in practical terms, that a court “placed the burden on the defendant to ensure that [he or she] was not infringing,” and that the best evidence to demonstrate that the defendant met this burden in good faith was to seek an opinion of counsel.

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20 35 U.S.C. § 284 (2006). This section provides as follows regarding exemplary damages: “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.” Id. For a more complete understanding of enhanced damages see JOHN GLADSTONE MILLS III, DONALD C. REILEY III, & ROBERT C. HIGHLEY, PATENT LAW FUNDAMENTALS § 20:64 (2d ed. 2007).

21 MILLS ET AL., supra note 20.

22 717 F.2d 1380 (Fed. Cir. 1983).

23 See supra note 4 and accompanying text.


25 See Rolls-Royce Ltd. v. GTE Valeron Corp., 800 F.2d 1101, 1109 (Fed. Cir. 1986).


27 William F. Lee et al., The Doctrine of Willful Patent Infringement After Knorr-Bremse: Practical Problems & Recommendations, 7 SEDONA CONF. J. 169, 170 (2006); see David R. Clonts, The Federal Circuit Puts the Willfulness Back into Willful Infringement, 19 INTELL. PROP. & TECH. L.J. 9, 9 (2007) (“A jury, having found a defendant liable for infringing a patent, often had little trouble overcoming the patentee’s clear-and-convincing burden, instead focusing on whether the defendant had satisfied its affirmative duty to make sure that it was not infringing.”). This in effect placed the burden solely on the defendant to demonstrate that he acted in good faith and opinion of counsel.

28 Lee, supra note 27, at 189; see Robert P. Taylor & Katharine L. Altemus, But the Lawyers Said it was Okay . . . Revisiting the Role of Legal Opinions in Patent Litigation, in PATENTS, COPYRIGHTS, TRADEMARKS, AND LITERARY PROPERTY COURSE HANDBOOK SERIES, PLI Order Number 2909 (Practicing Law Institute 2004), available at 801 PLI/Pat 761, 768 (Westlaw) (“[T]he best evidence that the defendant acted in good faith is likely to be found in whether it contacted patent attorney upon learning of a potential infringement problem and whether it followed the legal advice received.”); Atmel Corp. v. Silicon Storage Tech. Inc., 202 F.Supp.2d 1096, 1102-08 (N.D. Cal. 2002) (court found willful infringement based solely on the defendant’s failure to obtain an adequate opinion).
court to determine if there was willful infringement, the Federal Circuit has identified several factors to consider.\(^29\) These factors include:

(i) whether the infringer deliberately copied the patentee's idea or design; (ii) whether the infringer, when he knew of the other's patent protection, investigated the scope of the patent and formed a good faith belief that it was invalid or that it was not infringed; (iii) the infringer's behavior as a party to the litigation[. . .] (iv) the infringer's size and financial condition; (v) the closeness of the infringement determination; (vi) the duration of the infringer's misconduct; (vii) remedial actions taken by the infringer; (viii) the infringer's motivation for harm; and (ix) whether the infringer attempted to conceal its misconduct.\(^30\)

These factors are commonly referred to as the Read factors.\(^31\) When evaluating the Read factors, the proper test is whether the totality of circumstances suggests that the patent infringement was willful.\(^32\) Although the Federal Circuit articulated these factors to aid courts in determining willful infringement, the history of the willful infringement doctrine and its application by courts has lead to several problems\(^33\) that the Federal Circuit has been unable to remedy after several attempts.\(^34\)

30 Lee, supra note 27, at 170; see Read Corp., 970 F.2d at 827.
31 See Read Corp., 970 F.2d at 827. The Federal Circuit in the Read Corp. cases expanded on the factors set forth in Bott v. Four Star Corp., and the combinations of these factors have since been labeled the Read factors. See Lee, supra note 27, at 170.
33 See infra Part II.B
34 For a complete history see Lee, supra note 27. The Federal Circuit has attempted to modify the standard for determining willful infringement several times without success. See Read Corp., 970 F.2d 816; Knorr-Bremse Systeme Fuer Nutzfahrzeuge GmbH v. Dana Corp., 383 F.3d 1337 (Fed. Cir. 2004) (court held that there is no longer an adverse inference if no opinion of counsel is introduced into evidence); In re Echostar Comms's Corp., 448 F.3d 1296 (Fed. Cir. 2006) (court attempted to define the scope of the waiver to the attorney-client privilege and work product doctrine when defendant uses opinion of counsel defense).
B. Problems with the Willful Infringement Doctrine Prior to In Re Seagate

1. The Standard for Willful Infringement is More Akin to Negligence in the Pre-In Re Seagate Era

As previously mentioned, the standard set forth by the Federal Circuit for determining willful infringement was a low threshold standard that permitted courts to adversely infer willful infringement if the alleged infringer did not produce evidence of an opinion of counsel. Since the appropriate standard was an affirmative duty of care, which required an opinion of counsel, defendants were found to have willfully infringed on a patent holder’s rights even when a good faith attempt was made to determine whether or not their actions would in fact amount to unlawful infringement. The application of the standard by the Federal Circuit demonstrates that although the term “willfulness” is used most generally to mean voluntary and intentional, the level of intent in willful patent infringement is more akin to that of negligence. Under this low threshold standard, mere knowledge of a patent would almost certainly lead to a

35 See infra note 39.
36 See supra Part I.
37 See supra notes 25-26 and accompanying text. Although the Federal Circuit articulated several factors to be used by the court in making a determination of willful infringement, the courts applied these factors loosely and found willful infringement for a variety of reasons.
39 Smith Eng’g Co., Inc. v. Eisenmann Corp., 28 Fed. Appx. 958, 965 (Fed. Cir. 2002). In Smith Engineering, the patent infringer knew of the existing patent which he believed was similar to one of his products. Id. To determine whether his actions were infringing upon the existing patent, he sent the patent to the engineering department to study the patent. Id. The engineering department determined there was no infringement. Id. The Court held that this was insufficient to satisfy the affirmative duty of care and held that the alleged infringer was a willful infringer. Id. Smith Engineering demonstrates that the good will of the alleged infringer was irrelevant to the willful infringement determination prior to In re Seagate.
40 See supra note 15 and accompanying text.
41 See In re Seagate Tech., 497 F.3d 1360, 1371 (Fed. Cir. 2007). Although the court’s “primary consideration is whether the infringer, acting in good faith and upon due inquiry, had sound reason to believe that it had the right to act in the manner that was found to be infringing,” this reasoning cannot be reconciled when analyzing the actual application of willful infringement by the Federal Circuits. SRI Int’l, Inc. v. Advanced Tech. Labs., Inc. 127 F.3d 1462, 1464-65 (Fed. Cir. 1997). Compare Smith Engineering, 28 Fed. Appx. at 965 (under the old standard for willful infringement, the court found willful infringement even though the infringer obtained an opinion from several engineers who studied the patent together with the alleged infringing product and concluded there was no infringement), with Cohesive Techs., Inc. v. Waters Corp., 526 F.Supp.2d 84, 104-07 (D. Mass. 2007) (under the post-In re Seagate standard, the court concluded that obtaining opinion from a scientist could defeat a charge of willful infringement).
de facto presumption of willful infringement in future litigation. Since the threshold standard for willful infringement was so low, and the treble damages as a consequence of a finding of willful infringement were so high, the standard made the court’s determination of willfulness the paramount issue in a patent infringement case. This reasoning led patentees to plead willful infringement as a tactic or strategy, and not on the merits of the case.

This adverse inference was unique to patent law and highly unfavorable to defendants. As a result, the Federal Circuit attempted to correct this problem in Knorr-Bremse Systeme Fuer Nutzfahrzeuge GmbH v. Dana Corp. The Federal Circuit’s decision in Knorr-Bremse eliminated the application of the adverse inference on the defendant when he or she did not offer evidence of obtaining an opinion of counsel. However, although the adverse inference was eliminated, defendants still had an affirmative duty of care to determine whether they infringed known patents. Defendants still had to show that they “affirmatively investigated the scope of a patent and formed a good faith belief that the patent [was] either invalid or not infringed.” Although defendants benefited from the elimination of the adverse inference, the Federal Circuit did not give any additional guidance as to how a defendant could meet his affirmative duty of care. Therefore, the best and most common defense against willful infringement remained obtaining an opinion of counsel, as demonstrated by the fact that several courts held that obtaining counsel opinions was the best evi-

43 See supra notes 20-21 and accompanying text.
44 See Marcia Coyle, Federal Circuit Eyes Attorney-Client Privilege Waiver in Key Patent Case, THE NATIONAL LAW JOURNAL, May 23, 2007, http://www.law.com/jsp/article.jsp?id=1179824708355. As one of the attorneys for the defendant in In re Seagate stated: “It’s at the forefront of the court’s attention and the rest of the case has taken a backseat as a result.” Id.
45 See infra Part IV.C.1.
46 See Lupo, supra note 42.
47 383 F.3d 1337 (Fed. Cir. 2004).
48 See id. at 1341. The Court in Knorr-Bremse eliminated the adverse inference for several reasons including the impact of the adverse inference on the attorney-client privilege, the inference was based on unjustified presumptions, and the inference negated a defendant’s efforts to avoid willful infringement. See Lee, supra note 27, at 177.
49 See Knorr-Bremse, 383 F.3d at 1348 (Dyk, J., concurring in part and dissenting in part).
50 See Lee, supra note 27, at 178.
51 Id.
dence of demonstrating good faith. In effect, the only thing that the *Knorr-Bremse* decision did was leave uncertainty as to whether or not a potential infringer should seek an opinion from an attorney before using a potentially patented product. Additionally, although a court was no longer permitted to instruct the jury to make the adverse inference if no opinion of counsel was given, the jury instructions were still permitted to state that no opinion of counsel was obtained. The possible inferences that the trier of fact could make remained the same under this standard, despite no adverse inference instructions being given.

2. The Willful Infringement Doctrine's Negative Effects on the Attorney-Client Privilege

One of the biggest problems with the pre-*In re Seagate* standard for willful infringement was not only the importance of obtaining opinion of counsel, but the effects that using an opinion of counsel defense had on the attorney-client privilege. Prior to *In re Seagate*, if an alleged infringer provided an opinion of counsel defense, he or she summarily waived the attorney-client privilege for all subject matter pertaining to the alleged infringement. Further, because there was an affirmative duty to obtain an opinion of counsel, the rule essentially required the alleged infringer to waive the attorney-client privilege. Even though the Federal Circuit attempted to correct this problem in *Knorr-Bremse* by holding that alleged infringers did not have to produce an opinion of counsel, the Federal Circuit and other courts stressed that providing evidence of

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54 *See* Lee, *supra* note 27, at 178.


57 *See id.;* Applera Corp. v. MJ Research, Inc., 372 F. Supp. 2d 233, 243 (D. Conn. 2005) (the court allowed the plaintiff to inform the jury of a defendant's failure to obtain an opinion because the absence of the opinion is not outcome determinative).

58 This section will provide a brief analysis of the problems associated with using the opinion of counsel defense on the attorney-client privilege. For a more detailed analysis of the opinion of counsel defense and the effects on the attorney-client privilege, see Robert A. Matthews, Jr., *Waiver of Attorney-Client Privilege*, 7 ANNOTATED PAT. DIG. § 42:117 (2008).

59 *See* Knorr-Bremse, 383 F.3d at 1344-45.

60 Underwater Devices Inc. v. Morrison-Knudsen Co., Inc., 717 F.2d 1380, 1389-90 (Fed. Cir. 1983); *see also* Amsted Indus. Inc. v. Buckeye Steel Castings Co., 24 F.3d 178, 181-82 (Fed. Cir. 1994) (court held that the duty entails obtaining the opinion of counsel before engaging in, or continuing, any potentially infringing activity).

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opinion of counsel was the best defense to a claim of willful infringement. Therefore, an alleged infringer did not have to produce an opinion of counsel, but it was still the best type of evidence to defend against willful infringement. The Knorr-Bremse decision put defendants in a difficult position, by requiring them to decide between two evils when defending against a willful infringement claim.

In the post-Knorr-Bremse era, the alleged infringer was said to be in a “Quantum dilemma,” that is, the alleged infringer had to decide whether to produce evidence that an opinion of counsel was obtained (thus eliminating his attorney-client privilege), or to not produce this type of evidence and hope that other defenses would work. In other words, “accused infringers often faced a Catch-22: either forgo the advice-of-counsel defense [to] maintain [the] attorney-client privilege and work-product immunity, or invoke the defense [and] risk [disclosure] of potentially damaging communications.”

Shortly after the Federal Circuit issued its opinion in Knorr-Bremse, the Court broadened the scope of the waiver of the attorney-client privilege in EchoStar, which put potential infringers in an even more difficult position. In EchoStar, the Court held that “when an accused infringer chooses to rely on an opinion of counsel in defending an allegation of willful infringement, [the accused infringer] waives the attorney-client privilege with regard to any attorney-client communications relating to the same subject matter.” District Courts have since applied the Federal Circuit’s holding in EchoStar very broadly. Thus, prior to In re Seagate, an opinion of counsel defense not only waived the attorney-client privilege between the alleged infringer and the attorney whose opinion was disclosed, but the attorney-client privilege was waived for all

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61 See supra note 27; Steelcase Inc. v. Haworth, Inc., 954 F. Supp. 1195 (W.D. Mich. 1997) (court held that a defendant asserting an advice of counsel defense must be deemed to have waived the privilege as to all communications between counsel and client concerning the subject matter of the opinion); Aspex Eyewear, Inc. v. E’Lite Optik, Inc., 276 F.Supp.2d 1084 (D. Nev. 2003) (court held that by relying on the advice of counsel defense to the claim of willful infringement, defendant has waived the attorney-client privilege and work-product immunity to all documents pertaining these subject matter areas).

62 Lee, supra note 27, at 178.

63 Ronald M. Daignault et al., Willful Patent Infringement after Knorr-Bremse, 18 INTELL. PROP. & TECH. L.J. 5 (2006). The term “Quantum dilemma” stands for the reasoning in the Federal Circuit’s decision in Quantum Corp. v. Tandon Corp. where the court recommended that there be separate trials on the issue of liability and willfulness to balance the equities in choosing between waiving or not waiving privilege. 940 F.2d 642, 643-44 (Fed. Cir. 1991).


65 In re EchoStar Commc’ns Corp., 448 F.3d 1294 (Fed. Cir. 2006).


67 Id.
communications and work product regarding infringement between the alleged infringer and any attorney thereafter. As a result, the alleged infringer could not escape the "Quantum dilemma" by hiring one attorney to give an opinion on whether his or her activity constituted infringement, and thereafter hire another attorney to defend him or her against a subsequent willful infringement claim. But, the Federal Circuit in EchoStar did not "specifically address the advice-of-counsel defense as [it] applied to trial counsel's communications and work product." Therefore, courts were split as to whether the EchoStar decision should be applied to trial counsel. For this reason, the Federal Circuit again addressed willful infringement, the scope of the waiver of the attorney-client privilege, and work product doctrine in In re Seagate.

III. In re Seagate: A New Era for Willful Patent Infringement

A. The Parties Involved and the Procedural History of In re Seagate

Convolve, Inc., together with the Massachusetts Institute of Technology (hereinafter "Convolve") held patents related to computer disk drive technology. Convolve sued Seagate, alleging willful infringement of their 473 patent. Seagate retained counsel, Gerald Sekimura, prior to the lawsuit to provide an opinion concerning Convolve's patents. Sekimura provide three written opinions concerning the validity and potential infringement of the 473 patent.

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68 See In re Echostar Commc'ns Corp., 448 F.3d at 1294; Kesslen, supra note 66. More specifically, the waiver extends to work product when the documents that embody a communication between the attorney and client concern the subject matter of the case, such as a traditional opinion letter. However, the waiver does not extend to documents analyzing the law, facts, trial strategy, and documents that reflect the attorney's mental impressions but were not given to the client. In re Echostar Commc'ns Corp., 448 F.3d at 1299.

69 In re Echostar Commc'ns Corp., 448 F.3d at 1297.

70 See Gerber, supra note 64.


72 See Kesslen, supra note 66. The "Seagate decision, serve[d] to relieve many concerns created by EchoStar for accused infringers and trial counsel." Id.

73 In re Seagate Tech., LLC, 497 F.3d 1360 (Fed. Cir. 2007).

74 Id. at 1366. The suit was originally filed alleging infringement of the 635 and 267 patent, which subsequently was amended to infringement of the 473 patent. Id.

75 Id.

76 Id.
Seagate then hired independent trial counsel once the litigation began for the purpose of defending against the willful infringement lawsuit.\textsuperscript{77} Seagate notified Convolve of its intent to rely on Sekimura’s written opinions as a defense against the willful infringement claim and disclosed all work product and communications from Sekimura regarding the infringement claim to Convolve.\textsuperscript{78} However, Convolve moved to compel the discovery of all communications and work product from Seagate’s trial counsel.\textsuperscript{79} The lower court concluded that Seagate had waived their attorney-client privilege and work product immunity for all counsel advising or representing Seagate concerning the subject matter of infringement, invalidity, and enforceability of the 473 patent.\textsuperscript{80} Seagate petitioned for a writ of mandamus based on the lower court’s rulings.\textsuperscript{81} The Federal Circuit stayed the discovery orders and set out to answer three questions:

1. Should a party’s assertion of the advice of counsel defense to willful infringement extend waiver of the attorney-client privilege to communications with that party’s trial counsel?\textsuperscript{82}

2. What is the effect of any such waiver on work-product immunity?

3. Given the impact of the statutory duty of care standard announced in \textit{Underwater Devices}, . . . on the issue of waiver of attorney-client privilege, should this court reconsider the decision in \textit{Underwater Devices} and the duty of care standard itself?\textsuperscript{83}

\textbf{B. The Federal Circuit’s Analysis and Holding in In Re Seagate}


To answer the three questions set out above,\textsuperscript{84} the Federal Circuit relied on Supreme Court rulings,\textsuperscript{85} sister courts hearing copyright infringement cases,\textsuperscript{86}

\textsuperscript{77} \textit{Id.}

\textsuperscript{78} \textit{Id.}

\textsuperscript{79} \textit{Id.}

\textsuperscript{80} \textit{Id.} at 1366-67.

\textsuperscript{81} \textit{Id.} at 1367.

\textsuperscript{82} More specifically, the court will review \textit{In re Echostar}, and discuss the validity of that opinion which held that any disclosure by counsel waives all attorney-client privileges to any counsel, pertaining the same subject matter as the disclosure. \textit{See supra} Part I.

\textsuperscript{83} \textit{In re Seagate}, 497 F.3d at 1367.

\textsuperscript{84} \textit{Id.}
and lower courts discussing punitive damages in the civil liability context. In the In re Seagate opinion, the Federal Circuit first analyzed the meaning of the term willfulness in the civil context. The Federal Circuit noted that other courts hearing copyright infringement claims have employed "a recklessness standard for enhancing statutory damages," and although the term "willful" is not defined by the copyright statute, it has been consistently defined as including reckless behavior. Similarly, the Federal Circuit noted that in civil liability actions the Supreme Court has defined willfulness to include reckless behavior because it comports with "common law usage which treated actions in 'reckless disregard' of the law as 'willful' violations." In contrast, the Federal Circuit noted that its application of the term willful in the patent infringement context was not analogous to the Supreme Court's definition of the term "willful." The Federal Circuit reasoned that the standard set forth in Underwater Devices, "sets a lower threshold for willful infringement that is more akin to negligence . . . [and] fails to comport with the general understanding of willfulness in the civil context." The Federal Circuit, attempting to comport with the Supreme Court's definition of willfulness, then overruled Underwater Devices and held that "proof of willful infringement . . . requires at least a showing of objective recklessness." The Federal Circuit additionally stated that the intent of the alleged infringer is irrelevant to this objective inquiry.

86 See Yurman Design, Inc. v. PAJ, Inc., 262 F.3d 101, 112 (2nd. Cir. 2001) (the court held that willfulness in the copyright context means that the defendant recklessly disregarded the possibility that its actions represented infringement).
87 Lupo, supra note 42.
88 In re Seagate, 497 F.3d at 1370.
90 See Lupo, supra note 42.
92 See Safeco Ins. Co., 127 S. Ct. at 2208; W. KEETON ET AL., LAW OF TORTS § 34, 212 (5th ed.1984) ("Although efforts have been made to distinguish" the terms "willful," "wanton," and "reckless," "such distinctions have consistently been ignored, and the three terms have been treated as meaning the same thing, or at least as coming out at the same legal exit.").
93 In re Seagate, 497 F.3d at 1371.
95 In re Seagate, 497 F.3d at 1371. Compare Safeco, 127 S. Ct. at 2201, with Smith Engineering Co., Inc. v. Eisenmann Corp., 28 Fed. Appx. 958, 965 (Fed. Cir. 2002) (the court held that even though the alleged infringer made an objectively good faith effort to determine that his actions did not constitute infringement by obtaining opinions for engineers, the court found willful infringement).
96 In re Seagate, 497 F.3d at 1371.
97 Id.
The Court went on to define the term recklessness as used in patent infringement to include its standard use in the civil context.\textsuperscript{98} In the civil context, the general meaning of recklessness is a person who acts "in the face of an unjustifiable high risk of harm that is either known or so obvious that is should be known."\textsuperscript{99} Therefore, in willful patent infringement cases, the Federal Circuit held that a plaintiff must show by clear and convincing evidence that the alleged infringer acted despite an objectively high likelihood that the alleged infringer's actions constituted infringement of a valid patent.\textsuperscript{100} The Court then articulated the proper standard, derived from civil cases, for determining willful infringement. This standard has two prongs:

1. First, a patentee must show by clear and convincing evidence that the infringer acted despite an objectively high likelihood that its actions constituted infringement of a valid patent. The state of mind of the accused infringer is not relevant to this objective inquiry.

2. Only after this threshold objective standard is satisfied, the patentee must also demonstrate that this objectively-defined risk (determined by the record developed in the infringement proceeding) was either known or so obvious that it should have been known to the accused infringer.\textsuperscript{101}

Furthermore, the Court held that the intent of the alleged infringer is irrelevant.\textsuperscript{102} Although the Federal Circuit articulated this new standard, they "[left] it to future cases to further develop the application of this standard."\textsuperscript{103} However, the Court did provide insight into the future application of the objective recklessness standard, which will be discussed in Part IV.

2. Using the Opinion of Counsel Defense in Willful Patent Infringement Cases and the Effects of This Defense on the Attorney-Client Privilege

After assessing and defining the new two-prong standard for willfulness, the Federal Circuit addressed the scope of the waiver of the attorney-client

\textsuperscript{98} See id.

\textsuperscript{99} W. KEETON ET AL., LAW OF TORTS § 34, 213-14 (5th ed.1984).

\textsuperscript{100} In re Seagate, 497 F.3d at 1371. See Safeco, 127 S. Ct. at 2215 (court held that objectively assessing the possibility of a high risk of harm is the essence of recklessness).

\textsuperscript{101} See In re Seagate, 497 F.3d at 1371; Clonts, supra note 27, at 11.

\textsuperscript{102} See In re Seagate, 497 F.3d at 1372; Franklin Elec. Co. v. Dover Corp., No. 05-C-598-S, 2007 WL 5067678 (W.D. Wis. Nov. 15, 2007).

\textsuperscript{103} See In re Seagate, 497 F.3d at 1371.
privilege when the alleged infringer asserts an opinion of counsel defense.\textsuperscript{104} The Federal Circuit reasoned that a change must be made to the standard for the proper scope of the attorney-client waiver for several reasons.\textsuperscript{105} First, the Court articulated the importance of the attorney-client privilege, reasoning that this privilege is the oldest of privileges under the common law.\textsuperscript{106} Next, the Supreme Court has recognized the importance of protecting trial counsel’s thoughts.\textsuperscript{107} Last, the Court determined that District Courts have been applying the scope of the waiver of the attorney-client privilege differently when the facts of the case are relatively the same.\textsuperscript{108}

To determine the proper scope of the waiver, the Court distinguished the functions and roles of an accused infringer’s opinion counsel and trial counsel.\textsuperscript{109} The purpose of his or her opinion counsel is to provide an “objective assessment for making informed business decisions,” while the purpose of trial counsel is to “[focus] on litigation strategy and [evaluate] the most successful manner of presenting a case to a judicial decision maker.”\textsuperscript{110} The Court then went on to balance the importance of extending the waiver to trial counsel for a plaintiff with the importance of protecting the attorney-client privilege.\textsuperscript{111}

This balancing test first requires an analysis of the different objectives in pre-litigation and post-litigation conduct. The Federal Circuit first stated that the purpose of filing an infringement complaint is to recover damages for pre-
litigation infringement.\textsuperscript{112} Next, the Court noted that post-litigation infringement can be prevented by seeking a preliminary injunction.\textsuperscript{113} Therefore, the Court reasoned that a willfulness claim in the original complaint must "necessarily be grounded exclusively in the accused infringer's pre-filing conduct" and communications made to trial counsel will have little, if any, relevance in supporting the original claim.\textsuperscript{114} For this reason, the Court reasoned that there is little importance in extending the waiver to trial counsel which does not outweigh the great importance of protecting the attorney-client privilege.\textsuperscript{115} The Federal Circuit then held that asserting the advice of counsel defense does not constitute a waiver of the attorney-client privilege to trial counsel; however, courts can nonetheless exercise their discretion in unique circumstances, such as when the alleged infringer uses acts of chancery, as discussed in Section IV(B)(1), to extend the waiver.\textsuperscript{116}

3. The Effects of Using the Opinion of Counsel Defense on the Work Product Doctrine

Just as the Federal Circuit determined the scope of the waiver of the attorney-client privilege by weighing the interest of the party seeking to extend the waiver and the importance of the principles behind the attorney-client privilege,\textsuperscript{117} the Court also used the same analysis for determining the scope of the waiver for the work product doctrine.\textsuperscript{118} First, the Court noted that the purpose of the work product doctrine is to promote an attorney's preparation in representing a client, and this interest must be weighed against the importance to the patentee of retrieving evidence.\textsuperscript{119} Next, the Court looked at several District Court decisions that held a waiver of the work product doctrine ends when the litigation begins.\textsuperscript{120} The Court also noted that even the Supreme Court has approved a narrow restriction on the scope of the work product waiver.\textsuperscript{121}

\begin{enumerate}
\item \textsuperscript{112} \textit{Id.} at 1374.
\item \textsuperscript{113} \textit{Id.}
\item \textsuperscript{114} \textit{Id.}
\item \textsuperscript{115} \textit{See id.} at 1373-74.
\item \textsuperscript{116} \textit{Id.} at 1374.
\item \textsuperscript{117} \textit{See supra} Part II.B.2.
\item \textsuperscript{118} \textit{See In re Seagate}, 497 F.3d at 1375-76.
\item \textsuperscript{119} \textit{See In re} Martin Marietta Corp., 856 F.2d 619, 624 (4th Cir. 1988).
\item \textsuperscript{120} \textit{See} Dunhall Pharmaceuticals, Inc. v. Discus Dental, Inc., 994 F. Supp. 1202, 1205-06 (C.D. Cal. 1998) (court held that the advice of counsel defense waives the work product doctrine up to the time that the lawsuit was filed); Aspen Eyewear, Inc., v. E'Lite Optik, Inc., 276 F. Supp. 2d 1084, 1095-96 (court reasoned that if the willful infringement is ongoing, the waiver of the work product doctrine would extend past the point that the lawsuit was filed).
\item \textsuperscript{121} \textit{See In re Seagate}, 497 F.3d at 1376; United States v. Nobles, 422 U.S. 225 (1975). \textit{Nobles} was a criminal case where the court held that the waiver of the work product doctrine is limited in nature and the court will not allow a fishing expedition into files. \textit{Id.} Although this was a crimi-
The Federal Circuit reasoned that such a narrow restriction complies with the purposes of filing a patent infringement claim, and even with such a narrow restriction, plaintiffs are allowed to discover materials used by opinion counsel prior to the lawsuit.\textsuperscript{122} However, once the litigation begins, the importance of the work product doctrine outweighs the importance of extending the waiver to trial counsel.\textsuperscript{123} Therefore, the Federal Circuit held that asserting an opinion of counsel defense does not extend the waiver of the work product doctrine to trial counsel and the discovery of work product is limited to such materials used by opinion counsel prior to the filing of the lawsuit.\textsuperscript{124}

IV. **Post-In Re Seagate: The Effects and Future Development of In Re Seagate’s New Willful Infringement Doctrine**

A. **The Application and Future Development of the New Objective Recklessness Standard**

The Federal Circuit articulated the new standard for determining willful infringement; however, the Court did not fully develop how this standard was to be applied.\textsuperscript{125} This section will discuss how the new standard has begun to be developed in case law and how this standard will most likely be developed in future cases. Although the Court did not fully develop the application of the objective recklessness standard, the Court did suggest and give insight as to how this standard should be applied.\textsuperscript{126} First, in determining the proper meaning of “willfulness” the court analyzed several other types of civil cases, including copyright infringement cases and cases in which courts have granted punitive damages.\textsuperscript{127} Second, the Court suggested that the Read “standards of commerce”\textsuperscript{128} factors should be considered by courts when determining willful patent infringement.\textsuperscript{129}

\textsuperscript{122} See supra Part III.B.2.

\textsuperscript{123} See In re Seagate, 497 F.3d at 1376.

\textsuperscript{124} Id.

\textsuperscript{125} See supra Part III.

\textsuperscript{126} See In re Seagate, 497 F.3d at 1360; supra Part III.

\textsuperscript{127} See In re Seagate, 497 F.3d at 1360; see supra note 86.

\textsuperscript{128} See In re Seagate, 497 F.3d at 1371 n.5; see Depomed, Inc. v. Ivax Corp., 532 F. Supp. 2d 1170 (N.D. Cal. 2007). The “standards of commerce” refer to the factors set forth in Read and Bott. See supra note 31 and accompanying text.

\textsuperscript{129} In re Seagate, 497 F.3d at 1371.
1. The Application and Analysis of the Objective Recklessness Standard in Post-In Re Seagate Cases

Under the pre-In re Seagate affirmative duty of care standard, the burden was on the defendant to demonstrate that he or she acted in good faith and relied on an opinion of counsel. The post-In re Seagate standard, however, "abandoned the notion that a would-be infringer has an affirmative duty of care to ensure that he does not infringe." The elimination of the affirmative duty of care shifts the burden onto the patentee to prove willful infringement by demonstrating that the "infringer acted despite an objectively high likelihood that its actions constituted infringement of a valid patent." Once this threshold inquiry is met, the patentee must then demonstrate that this objectively high risk was known or was so obvious that it should have been known to the accused infringer. The patentee bears the burden of proving these two prongs by clear and convincing evidence. Although the facts demonstrating infringement may overlap the facts needed to prove willful infringement, the patentee has to demonstrate more in the post-In re Seagate era than just showing that the defendant knew he or she was infringing. Courts at various levels have attempted to articulate what additional facts the patentee has to prove in order to successfully litigate a willful patent infringement claim.

In order to determine whether or not the defendant’s infringement was willful, the District Court of Massachusetts in Cohesive Technologies articulated several factors similar to the Read factors. Although these factors are similar to the Read factors, there is enough of a difference to suggest that these factors will in fact replace the Read factors. These factors consider:

(1) whether there was a bona fide disagreement regarding patent invalidity or infringement, (2) whether the infringer solicited or followed the advice of counsel, (3) whether there was continued infringement after notice of probable infringement was received, (4) whether there was a degree of similarity between the

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130 See supra note 28.
133 Id.
134 Id.; see Comark Commc’n Inc. v. Harris Corp., 156 F.3d 1182, 1190 (Fed. Cir. 1998).
135 See Computer Associates Intern., Inc. v. Simple.com, Inc., 247 F.R.D. 63 (E.D.N.Y. 2007); Cohesive Technologies, 526 F. Supp. 2d at 84. Under the pre-In re Seagate standard the effect of the patentee proving that the defendant did in fact infringe and that the defendant knew of the pre-existing patent was, in most cases, sufficient for the court to find willful infringement.
136 Cohesive Technologies, 526 F. Supp. 2d at 84.
137 See supra text accompanying note 31.
138 See Cohesive Technologies, 526 F. Supp. 2d at 84.
patented and accused devices, (5) whether the infringer took efforts to avoid infringement, and (6) whether the infringer was indemnified against infringement costs.\textsuperscript{139}

Additionally, although there can be no adverse inference made if the defendant fails to provide evidence of obtaining a counsel opinion, a minority of courts have held that this can be considered by courts and juries when reviewing the totality of circumstances in determining whether the defendant’s actions were willful.\textsuperscript{140}

In applying this standard, the courts must determine what evidence the patentee has put forth to prove each of the two prongs in the objective recklessness standard.\textsuperscript{141} The court must first be provided with enough evidence to satisfy the first prong, whether there was an objectively high risk that the defendant’s actions would in fact infringe. This prong cannot be met only by evidence of the defendant’s knowledge of the existing patent or state of mind,\textsuperscript{142} because the Federal Circuit in In re Seagate expressly held that such evidence is irrelevant to the objective recklessness standard.\textsuperscript{143} For example, the plaintiff cannot satisfy the first prong by providing evidence that the defendant, before the alleged infringement occurred, attempted to procure a license from the patentee.\textsuperscript{144} Similarly, the fact that letters were sent to the defendant prior to the lawsuit being filed, accusing the defendant of infringement, or the fact that a jury has found the defendant guilty of infringement, does not meet the patentee’s burden to introduce clear and convincing evidence that there was an objectively high risk of infringement.\textsuperscript{145}

Under the pre-In re Seagate standard, if a defendant did not provide evidence of obtaining an opinion of counsel to demonstrate his or her good faith, most courts would find that this lack of evidence demonstrated willful infringement.\textsuperscript{146} Additionally, even if the defendant did provide this evidence, the low threshold standard for willful infringement still allowed the courts to find for the patentee with little evidence to rebut the defendant’s opinion of counsel letter.\textsuperscript{147} However, under the post-In re Seagate standard, evidence of

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\textsuperscript{139} \textit{Id.}; \textit{compare} Read Corp. v. Portec, Inc., 970 F.2d 816, 827 (Fed. Cir. 1992), with Cohesive Technologies, 526 F. Supp. 2d at 84.

\textsuperscript{140} \textit{See} Broadcom Corp. v. Qualcomm, Inc., SACV 05-467-JVS (RNBx), 2007 U.S. Dist. LEXIS 86627 at *6 (D. Cal. Nov. 21, 2007).

\textsuperscript{141} \textit{See} supra Part II.B.


\textsuperscript{143} \textit{See} \textit{id.}

\textsuperscript{144} \textit{Id.}

\textsuperscript{145} TGIP, Inc. v. AT&T Corp., 527 F. Supp. 2d 561 (E.D. Tex. 2007).

\textsuperscript{146} \textit{See} supra Part II.B.1.

\textsuperscript{147} \textit{Id.}
an opinion of counsel provides great weight to a finding that there was not an objectively high risk that the defendant’s actions would in fact infringe.\textsuperscript{148} This post-\textit{In re Seagate} standard makes it incredibly hard to prove willful infringement when the defendant obtained an opinion of counsel prior to committing the conduct which the patentee alleges was willful infringement.\textsuperscript{149}

2. Applying Civil and Copyright Courts’ Analysis of Punitive Damages and Willful Copyright Infringement to Predict the Future Development of the Objective Recklessness Standard in Willful Patent Infringement Cases

The post-\textit{In re Seagate} standard is relatively new and thus far there has not been adequate case law to develop the proper application of the objective recklessness standard. This subsection will attempt to predict the future development and application of the objective recklessness standard by applying the analysis used for making punitive damage determinations in civil cases and copyright infringement cases.\textsuperscript{150} The best starting point for this analysis will be from the sister court cases mentioned in the \textit{In re Seagate} opinion.\textsuperscript{151}

The most relevant case is \textit{Safeco Insurance Co. of America v. Burr},\textsuperscript{152} a civil liability case that dealt with enhanced damages; it provides insight as to the re-evaluation of the willful patent infringement doctrine.\textsuperscript{153} The Supreme Court

\begin{footnotesize}
\begin{enumerate}
\item See TGIP, 527 F. Supp. 2d at 561. The court demonstrated the differences between the burdens on the patentee and the defendant under the pre-\textit{In re Seagate} and post-\textit{In re Seagate} standard, and reasoned:
\begin{quote}
If [the defendant] had the burden of proof, this evidence [of obtaining an opinion of counsel] would not conclusively prove that [the defendant] was objectively reasonable. However, [the patentee] had the burden to prove by clear and convincing evidence that [the defendant] knew, or should have known, that there was an objectively high likelihood that [he] was infringing on one or both of the patents.
\end{quote}
\textit{Id.} at 579. The court found that providing evidence of two letters accusing the defendant of infringement, and the fact that the jury found infringement was only a "scintilla of the evidence needed to meet the clear and convincing standard." \textit{Id.}
\item Id.
\item Although the development of the objective recklessness standard is new, this standard was set forth by the Court in \textit{In re Seagate} by analyzing sister courts which have enhanced damages. \textit{See supra} Part III.B.1.
\item Id.
\item 127 S. Ct. 2201 (2007).
\item \textit{Id.} The court noted that willfulness was defined by statute in the Fair Credit Reporting Act. \textit{Id.} In patent law the situation is different because willfulness has been defined by case law, and not by statute. \textit{Id.} The Court then noted that in patent law, asserting willful infringement was more of a strategy, and this is something that the Federal Circuit needs to address. \textit{Id.} The Judge writing the opinion for this case suggested that a more heightened pleading standard would be appropriate because the affirmative duty of care in willful patent infringement is more akin to negligence. \textit{Id.; see} Charles S. Barquist, \textit{The Impact of Recent Federal Circuit Decisions on Strategies for Defending Claims of Willful Infringement: Opinion Letters, Representation Issues}
\end{enumerate}
\end{footnotesize}
in *Safeco* noted that willfully failing to comply with the Fair Credit Reporting Act ("FCRA") goes not only to acts known to violate the FCRA, but also to acts which amount to a reckless disregard of the statutory duty.\(^{154}\) In determining what a reckless disregard of a statutory duty is, the Supreme Court in *Safeco* quoted from the Restatement (Second) of Torts:\(^{155}\)

> The actor's conduct is in reckless disregard of the safety of another if he does an act or intentionally fails to do an act which it is his duty to the other to do, knowing or having reason to know of facts which would lead a reasonable man to realize, not only that his conduct creates an unreasonable risk of physical harm to another, but also that such risk is substantially greater than that which is necessary to make his conduct negligent.\(^{156}\)

Thus, a defendant, in the context of the FCRA, does not act in "reckless disregard unless the action is not only a violation under a reasonable reading of the statute's terms, but shows that the company ran a risk of violating the law substantially greater than the risk associated with a reading that was merely careless."\(^{157}\) Thus, the Court in *Safeco* attempted to draw a line between a party's mere negligence in reading the statute's terms and applying it to the party's conduct, and a party risking a violation of the law from facts which would lead a reasonable man to believe that his actions would in fact cause harm to another.\(^{158}\)

In applying this reasoning to willful patent infringement cases and the objective recklessness standard, it is not hard to predict the outcome of cases where the defendant is asserting the opinion of counsel defense. Although there is no statutory definition of willful infringement, there is a statutory definition of patent infringement which includes: "whoever without authority makes, uses, offers to sell, or sells any patented invention, within the United States or imports into the United States any patented invention during the term of the patent therefor, [sic], infringes the patent."\(^{159}\) Therefore, in order to prove that a defendant

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\(^{156}\) *Safeco*, 127 S. Ct. at 2215 (citing *RESTATEMENT (SECOND) OF TORTS* § 500 (1965)).

\(^{157}\) *Id.*

\(^{158}\) *Id.*

\(^{159}\) 35 U.S.C. § 271(a) (2006). Although there are several other sections which define different types of infringement, for the purposes of this analysis, §271(a) definition of infringement will be sufficient.
willfully infringed upon a patent, the patentee must prove that the defendant acted in the face of facts which suggest that his actions were in fact infringing.\textsuperscript{160} More specifically, when reading the statute on patent infringement, a reasonable person would have believed that his or her actions did in fact constitute infringement. One way to prove this would be to assert that the patentee does in fact have a valid patent and the defendant makes, offers to sell, or sells this patent.\textsuperscript{161} Although there are many requirements that a patent may be missing,\textsuperscript{162} which would then invalidate the patent, a reasonable person looking to these requirements, knowing of an existing patent, should at least know that he or she needs to get an opinion of counsel to demonstrate good faith. To demonstrate the good faith needed to successfully defend against a claim of willful patent infringement, the defendant must prove that he investigated his actions and had a reasonable belief that he was not infringing.\textsuperscript{163} The best way to prove such good faith is still obtaining opinion of counsel.

An opinion of counsel letter may state that the defendant’s actions were not infringing for a variety of reasons, such as invalidity of the patent, non-infringement, or unenforceability of the patent.\textsuperscript{164} Most cases in which the defendant asserts the opinion of counsel defense will come down to how the court interprets the defendant’s actions in regard to the opinion letter.\textsuperscript{165} Just as the Supreme Court in \textit{Safeco} attempted to draw a line between mere negligence and risking a violation of the law from facts which would lead a reasonable man to believe that his actions would in fact cause harm to another, courts determining

\begin{itemize}
  \item See supra note 148.
  \item See supra note 159.
  \item See supra note 41.
  \begin{quote}
    [b]ased on analysis of 143 patent infringement cases between 1999-2000 where willfulness was decided at trial, willful infringement was found in 51% of the cases where an opinion of counsel was introduced as a defense, and in 63% of the cases where no opinion was introduced. Not only did opinions of counsel fail to protect the defendants against willfulness charges half of the time, but there was only a moderately higher chance of a willfulness finding if no opinion had been obtained.
  \end{quote}
  \textit{Id.} at 28. However, in the post-\textit{In re Seagate} era, the higher standard for willful infringement would suggest that these statistics will increase dramatically when an opinion of counsel defense is introduced.
\end{itemize}
willful patent infringement must draw the line between what actions by the defendant were negligent—whether it be hiring an incompetent attorney for obtaining opinion of counsel or negligently reading an opinion of counsel letter—and what actions were in the face of facts which a reasonable person would consider to be infringement. Since the defendant’s state of mind is irrelevant, a court will consider several factors to determine if the defendant acted in reckless disregard.

Under the post-In re Seagate standard, an alleged infringer has not acted recklessly so long as he or she sought and obtained competent legal advice before continuing in conduct which could potentially constitute infringement. An opinion of counsel will serve as legal advice and the alleged infringer may rely on this opinion of counsel so long as the advice given was competent and reliance on such advice was reasonable under the circumstances. To determine whether the advice was competent and whether it was reasonable to rely on this advice, the court will consider:

(1) whether counsel examined the patent file history; (2) whether the opinions were oral or written; (3) the objectivity of the opinions; (4) whether the attorneys rendering the opinions were patent lawyers; (5) whether the opinions were detailed or merely conclusory; and (6) whether material information was withheld from the attorney.

Under the post-In re Seagate standard, the opinion of counsel defense, if competent and reasonably relied on, will most likely be a successful defense to willful infringement in patent law cases. Nonetheless, an alleged infringer

See supra note 153 and accompanying text.
See In re Seagate Technology, LLC, 497 F.3d 1360, 1371 (Fed. Cir. 2007).
See supra note 31 and accompanying text.
Chiron Corp., 268 F. Supp.2d at 1121.
Chiron Corp., 268 F. Supp. 2d at 1121 (citing Comark Communications, Inc. v. Harris Corp., 156 F.3d 1182, 1191 (Fed. Cir. 1998)). For a more detailed analysis of the development of competent legal advice and whether it was reasonably relied on see Peterson, supra note 165.

See supra note 153; see also Cal. Table Grape Commc'n v. RB Sandrini, Inc., No. 1:06-CV-00842-OWW-TAG, 2007 U.S. Dist. LEXIS 48362 (E.D. Cal. June 27, 2007) (court held that a successful opinion of counsel defense can be demonstrated with an opinion letter from competent legal counsel and when under the totality of the circumstances the defendant has demonstrated good faith); see also Vulcan Eng'g Co., Inc. v. FATA Aluminum, Inc., 278 F.3d 1366, 1378 (Fed. Cir. 2002).
will still be found to have willfully infringed if the alleged infringer obtained an opinion of counsel letter but ignored or did not rely on the advice. 174

B. The Effects of Using the Opinion of Counsel Defense on the Attorney-Client Privilege and the Work Product Doctrine in Light of In re Seagate

The effects that the In re Seagate decision will have on the waiver of the attorney-client privilege and the work product doctrine are still unclear. Although, "as a general proposition, asserting the advice of counsel defense and disclosing [the] opinions of opinion counsel do not constitute waiver of the attorney-client privilege for communications with trial counsel,"175 several questions concerning the attorney-client privilege have not been answered. First, the In re Seagate decision left open the possibility that the attorney-client privilege can be forfeited for acts of chicanery,176 which, in the present context, can be defined as using the opinion of counsel defense in a way that would trick a court; however, the Federal Circuit did not articulate the acts which would forfeit the attorney-client privilege.177 Second, the Federal Circuit left unanswered to what extent the waiver of the attorney-client privilege and work product doctrine applies to in-house counsel.178 The last question the Court left open is how far does the waiver of the attorney-client privilege and work product doctrine extend when the counsel who gave the opinion concerning infringement was also the trial counsel. The following subsections will attempt to answer the above questions using the reasoning set forth in In re Seagate and cases in the post-In re Seagate era.179

1. The Exceptions to Using the Opinion of Counsel Defense that Would Forfeit the Attorney-Client Privilege

The Federal Circuit in In re Seagate noted that some exceptions to the attorney-client privilege would still be available; more specifically, acts of chicanery would forfeit the attorney-client privilege.180 The Federal Circuit did not

174 See Comark, 156 F.3d at 1191.
175 Convolve, Inc. v. Compaq Computer Corp., No. 00 Civ. 5141 (GBD) (JCF), 2007 U.S. Dist. LEXIS 87286 at *6 (S.D.N.Y. Nov. 27, 2007); see In re Seagate Technology, LLC, 497 F.3d 1360, 1374 (Fed. Cir. 2007).
176 See Convolve, 2007 U.S. Dist. LEXIS 87286; see In re Seagate, 497 F.3d at 1374-75.
177 The court in Seagate left open exceptions to the attorney-client privilege where there are acts of chicanery. See Chisum, supra note 4. "Chicanery" is a charming word, roughly meaning the use of tricks to deceive, but the court does not elaborate on what might constitute chicanery in the context of patent litigation. Id.
178 See generally Convolve, 2007 U.S. Dist. LEXIS 87286 (court set out to answer the question of whether the waiver of the attorney-client privilege extends to in-house counsel).
179 See supra Part II.
180 See In re Seagate, 497 F.3d at 1374.
elaborate or give examples of what types of acts would be considered chicanery; however, applying prior case law to patent law will most likely provide a starting point to define these types of acts. For example, courts in other civil contexts, have waived the attorney-client privilege when the purpose of the using the attorney involved some act of bad faith.\textsuperscript{181} The Second Circuit held that bad faith arises when the attorney-client relationship is not genuine but only used for the purpose of gaining confidentiality as a shield against disclosure.\textsuperscript{182}

In the area of patent infringement, there are situations where the court may waive the attorney-client privilege where there has been some showing of bad faith, such as where the alleged infringer withholds material information from the opinion counsel to obtain an opinion in the light most favorable to the alleged infringer,\textsuperscript{183} or where a witness for the accused infringer lies under oath concerning the circumstances surrounding the acquisition of the opinion of counsel.\textsuperscript{184}

2. The Effects of Using the Opinion of Counsel Defense on the Attorney-Client Privilege with Respect to In-House Counsel

In order to determine whether the opinion of counsel defense waives the attorney-client privilege for in-house counsel of an alleged corporate infringer, the courts must use the analysis set forth in \textit{In re Seagate}. This analysis begins with determining the role or function of the counsel with respect to the infringement claim.\textsuperscript{185} The court must then determine the time at which the opinion was given with respect to the filing date of the infringement claim.\textsuperscript{186} Then, the court must balance the importance of the disclosure to the party seeking to extend the waiver with the principles behind the attorney-client privilege.\textsuperscript{187} The Federal Circuit in \textit{In re Seagate} did not answer the question of whether the waiver extends to the in-house counsel of the alleged corporate infringer; however, using the above analysis, the District Court of New York in \textit{Convolve} answered this question.\textsuperscript{188}

\textsuperscript{181} \textit{In re Teleglobe Commc'ns Corp.}, 493 F.3d 345 (3rd Cir. 2007).
\textsuperscript{182} \textit{See In re Grand Jury Subpoena Served Upon Doe}, 781 F.2d 238, 248 (2nd Cir. 1985).
\textsuperscript{184} \textit{Id.}
\textsuperscript{185} \textit{See In re Seagate}, 497 F.3d at 1374; \textit{see supra} Part II.
\textsuperscript{186} \textit{Id.} at 1374.
\textsuperscript{187} \textit{Id.}
\textsuperscript{188} \textit{Convolve, Inc. v. Compaq Computer Corp.}, No. 00 Civ. 5141 (GBD) (JCF), 2007 U.S. Dist. LEXIS 87286 (S.D.N.Y. Nov. 27, 2007). After the decision in \textit{In re Seagate}, the case was remanded to the Southern District of New York. The plaintiff sought discovery of information and communications made between the in-house counsel and the counsel who wrote the opinion letter used in the opinion of counsel defense. The court attempted to answer this question by
The District Court in Convolve first noted that any communications made, prior to litigation, by the in-house counsel to the defendant or the attorney issuing the opinion of counsel is not protected by the attorney-client privilege.\(^{189}\) Next, the Court answered the tougher question of whether post-litigation communications made by in-house counsel concerning the opinion could also be subject to discovery.\(^{190}\) The Court noted that this type of communication would be of "marginal value" because the willfulness analysis focuses on pre-litigation conduct and there is "no basis . . . for taking discovery of in-house counsel's communications after the litigation was commenced."\(^{191}\) The plaintiff in Convolve attempted to side-step this reasoning by arguing that the "information possessed by in-house counsel that was not conveyed to opinion counsel should also be discoverable in order to determine whether the [counsel's] opinions were well-informed and therefore competent."\(^{192}\) The Court rejected this argument for two reasons. First, the general rule is that non-disclosed work product is immune from discovery,\(^{193}\) and second, the information would not be important to the party seeking to waive the privilege.\(^{194}\)

3. The Effects of Using the Opinion of Counsel Defense on the Attorney-Client Privilege with Respect to Trial Counsel

One last question left unanswered by the Federal Circuit in In re Seagate is what effect, if any, there would be on the waiver of the attorney-client privilege and work product doctrine if the counsel who gave the opinion con-

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Id. at *11-12.

\(^{189}\) See In re Seagate, 497 F.3d at 1370 (court held that asserting the advice of counsel defense waives work product protection and the attorney-client privilege for all communications on the same subject, as well as any documents memorializing attorney-client communications. However, this waiver does not extend to work product that was not communicated to the alleged infringer); See In re Echostar Commc'ns Corp., 448 F.3d 1294, 1299, 1302-03 (Fed. Cir. 2006).

\(^{190}\) Convolve, 2007 U.S. Dist. LEXIS 87286.

\(^{191}\) Id. See In re Seagate, 497 F.3d at 1374.

\(^{192}\) Convolve, 2007 U.S. Dist. LEXIS 87286. The patentee attempted to extend the waiver of the attorney-client privilege under the theory that counsel's opinion was not a competent opinion and as such, the defendant in relying on this opinion was reckless. Id.

\(^{193}\) See In re Echostar Commc'ns Corp., 448 F.3d 1294, 1303-05 (Fed. Cir. 2006).

\(^{194}\) Convolve, 2007 U.S. Dist. LEXIS 87286 (the court reasoned that "information that in-house counsel might have known but failed to convey to [the opinion counsel] would have been a subset of the information known to [the] key . . . engineers who have already been deposed. Thus, even if no privilege or immunity bars further discovery of in-house counsel's knowledge in relation to [counsel's] opinions, that discovery would be cumulative and the burden and expense involved would outweigh any likely benefit.").
cerning infringement was also the trial counsel. The answer to this question might be intuitive, in that under the rules of ethics the opinion counsel will most likely testify in litigation, preventing him or her from also serving as trial counsel. This issue is therefore one not likely to be analyzed in future willful patent infringement cases. Nonetheless, under the In re Seagate analysis, the timing of the communications will play an important role with respect to the waiver of the attorney-client privilege and, thus, a court would most likely reason that all communications made by the trial counsel prior to litigation must be disclosed.


1. Defendants Involved in Patent Litigation Rejoice in the Wake of In re Seagate

In re Seagate overruled the affirmative duty of care and placed the burden on the patentee to prove willful infringement. This decision has raised the bar for proving willful patent infringement and has lowered the cost to defend against such claims. One purpose of the decision in In re Seagate was to deter patentees from alleging willful patent infringement. Alleging willful patent infringement has become so prevalent in patent infringement cases that it has become nothing more than a litigation strategy. Prior to the decision in In re Seagate, "[c]laims of willful infringement [were] made in more than ninety percent of patent infringement suits, according to patent scholars and litigators, in part because the standard for proving willful infringement is low and also


196 See Ferguson, supra note 195, at 24; see also Model Rules of Prof'L Conduct R. 3.7(a) (2003):

A lawyer shall not act as advocate at a trial in which the lawyer is likely to be a necessary witness unless:

(1) the testimony relates to an uncontested issue;

(2) the testimony relates to the nature and value of legal services rendered in the case; or

(3) disqualification of the lawyer would work substantial hardship on the client.

Id.

197 See supra note 22.


199 See supra note 153.
because treble damages may be awarded."\textsuperscript{200} Thus, willfulness was in effect plaguing the patent law system and patentees were claiming willful infringement without any factual basis at the time of the claim.\textsuperscript{201} With the broad scope of the waiver of the attorney-client privilege, almost all patentees alleged willful infringement, not only for the treble damages, but also to get access to those documents which would have otherwise been protected.\textsuperscript{202} Pleading a claim for willful infringement served not only as a basis for receiving treble damages, but also as a way to gain insight into the defenses the alleged infringer might use.\textsuperscript{203} As Jon W. Dudas, Under Secretary for the Intellectual Property Department of Commerce, stated, "Willfulness is frequently alleged as a matter of course and alleged infringers have to bear the expense of defending such actions."\textsuperscript{204} The decision in \textit{In re Seagate} will prevent these adverse effects on the patent system and the abused claim of willful patent infringement.\textsuperscript{205}

Another reason why \textit{In re Seagate} overruled the Underwater Devices standard was to promote uniformity in the area of patent law.\textsuperscript{206} There has been a split in the lower courts regarding the extent of waiver to the attorney-client privilege when an opinion of counsel defense is used by the alleged infringer, and "questions about the scope of waiver of the attorney-client privilege have generated extensive satellite litigation, dividing the district courts and creating uncertainty and inconsistency in patent litigation."\textsuperscript{207} Additionally, patent law was the only area of law in which a party who seeks to defend his conduct by a defense of good-faith through a reliance on a separate attorney opinion waived the confidentiality of trial counsel communications.\textsuperscript{208} For this reason, in patent law, patentees were using the willful infringement standard as a tactic to "know [their] adversary's strategy and thought processes [which is] a huge advan-


\textsuperscript{201} See Moore, supra note 200, at 232.

\textsuperscript{202} Id. at 232-33.

\textsuperscript{203} Id.

\textsuperscript{204} Jon W. Dudas, testimony, Patent Revision CQ Congressional Testimony, (June 5, 2007).

\textsuperscript{205} See Seidenberg, supra note 198, at 20.

\textsuperscript{206} See Ferguson, supra note 195, at 167.

\textsuperscript{207} Coyle, supra note 200. In regards to the waiver of the attorney-client privilege, one supporter of \textit{Seagate} stated:

\textit{Any trial lawyer knows it is hard to work up a case properly with the other side's lawyer listening in. Yet that is what the lower court ordered here, [referring to the lower court in \textit{Seagate}], . . . It's an opportunity to bring some logic and reasonableness to this area of the law and to solve a problem unique to patent litigation.}

\textit{Id.}

\textsuperscript{208} Id.
tage." No other area of law had this adverse effect on a defendant's trial strategy.

Additionally, in the pre-In re Seagate era, alleged infringers were basically required to get an opinion of counsel letter. Manufacturers like Seagate Technologies were receiving up to ten letters a day from patent holders alleging infringement, and prior to the In re Seagate decision, these types of letters would insist that the manufacturer obtain an opinion of counsel letter to defend against a subsequent willful infringement claim. Opinion of counsel letters were not cheap and could range between $50,000 and $100,000 per opinion. Prior to In re Seagate, the patent system "influence[d] the decision-making processes for these technology-producing organizations through the economic consequences (the costs of litigating an average patent case are estimated to be one to four million dollars) and time costs resulting from actual and potential patent infringement litigation, settlements, and liability rulings." Prior to In re Seagate, manufacturers would have to weigh the costs of being sued for infringement against the cost of obtaining an opinion letter. Even if companies still had an affirmative duty of care, under the pre-In re Seagate standard, the cost of obtaining a "competent opinion [for every claim] . . . could be in the hundreds-of-thousands of dollars." This would make obtaining opinion letters impossible for smaller companies, and larger companies might have to make a "reasonable business decision . . . not to pay for this legal advice."

In the post-In re Seagate era, companies both small and large must still make these types of business decisions; however, under the new standard, potential infringers have other options to demonstrate good faith, such as seeking opinions from engineers to demonstrate that the alleged infringer did not believe that their actions constituted infringement. "[T]he Seagate decision should

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210 See supra note 53.

211 Coyle, supra note 200.

212 See supra note 60.

213 See Coyle, supra note 200.

214 Wrezinski, supra note 13, at 197.

215 See Seidenberg, supra note 198, at 20. Michael Dzwonczyk, a patent litigator, stated that "The Seagate decision changes the calculus of the economics involved in any decision to commercialize a would-be infringing product . . . [and] [i]n some cases the decision to infringe may simply involve the acceptance of a reduced profit margin by the infringer if a reasonable royalty is awarded after a finding of infringement." Id.


217 Id.

not be interpreted as a reason to stop seeking opinions of counsel with respect to the patent rights of others," but the decision in *In re Seagate* does suggest that other evidence could be used to demonstrate good faith, so long as the alleged infringer can demonstrate that he or she did not act recklessly in the face of an objectively high risk of harming the patent holder. Even with this new standard, most companies are risk averse and will obtain opinion letters as an insurance policy against claims of willful infringement. Since the burden is on the patentee to demonstrate objective recklessness by clear and convincing evidence, an opinion letter still may be the best evidence to demonstrate good faith, but no longer is seeking an opinion of counsel an alleged infringer's only chance for a successful defense. For this reason, defendants "applauded the [*Seagate*] ruling, which could substantially reduce findings of willfulness and the attendant specter of up to treble damages and attorneys' fees."

2. The Negative Consequences of the New Willful Patent Infringement Doctrine on Patentees

Although the effects of the *In re Seagate* decision seem to suggest that the balance between the defendant and the patentee in willful infringement cases has been re-established, this decision might have some negative effects on the patent system. The *In re Seagate* decision may spur innovation by providing companies with a sense of security suggesting that, as long as they act in good faith, they can build and develop products without fear of treble damages. However, this decision also makes it substantially harder to prove willful patent infringement, which has the potential to hurt patent owners, since the cost of patent litigation is so expensive and the odds of being awarded treble damages are very low. The *In re Seagate* decision has "raise[d] significant new chal-


220 See supra note 165.


222 See supra note 86.

223 See Clonts, supra note 27, at 9.


lenges for patent holders who are seeking punitive damages for willful patent infringement." Some experts even suggest that the In re Seagate decision is a "big blow to patent owners" because they will no "longer be able to hold a hammer of willful infringement over the heads of accused infringers to get favorable settlements." Prior to In re Seagate, patent owners had placed the alleged infringer in a "Quantum dilemma" and since "the adverse consequences of a willful infringement verdict were so severe... accused infringers were under great pressure to waive the privilege and introduce opinions of counsel at trial." Under this pre-In re Seagate "hammer," an alleged infringer would most likely settle the claim instead of risking a treble damage award at trial. However, the In re Seagate decision eliminated this "hammer" and, as a result, most alleged infringers will go to trial to successfully defend against the willful infringement claim. Additionally, without this "hammer of willful infringement," and the threat of treble damages, "companies may be more willing to market potentially infringing products and services," which means more patents are likely to be infringed. Although potential infringers still may be held liable for willful infringement, the new standard of objective recklessness makes defending against willful infringement claims easier.

The In re Seagate decision stemmed from more and more courts giving rights to the alleged infringer. Thus far, reform in the patent system has come from the Patent and Trademark Office, the Federal Circuit, and the U.S. 226 See Seidenberg, supra note 198, at 20. 227 Id. 228 Id. 229 See supra note 63. 230 See Clonts, supra note 27. 231 See Ian Feinberg et al., United States: The Federal Circuit Rewrites The Standard For Willful Infringement And Drastically Narrows The Scope Of Privilege Waivers, Mondaq Business Briefing, (August 30, 2007), available at http://www.mayerbrown.com/litigation/practice/article.asp?nid=2181&id=3713&nid=2190. Out of all the lawsuits filed under the theory of infringement and willful infringement, only 6.2% went to trial and over 70% settled. See Moore, supra note 200, at 233. 232 See Seidenberg, supra note 198. 233 See Clonts, supra note 27. 234 See Feinberg, supra note 231. This seems to be following the unbroken string of Supreme Court and Federal Circuit en banc decisions that benefit accused infringers. See Microsoft v. AT&T, 127 S. Ct. 1746 (2007) (making it clear that foreign reproduction of U.S.-produced software does not infringe U.S. patents); KSR v. Teleflex, 127 S. Ct. 1727 (2007) (making it easier for accused infringers to prove obviousness); MedImmune, Inc. v. Genetech, Inc., 127 S. Ct. 764 (2007) (making it easier for accused infringers to choose forum); DSU Medical Corp. v. JMS Co., 471 F.3d 1293 (2006) (making it harder for patent owners to prove inducement of infringement). 235 For more information on the changes in the PTO see supra note 221. 236 For more information on the changes in the Federal Circuit see Daniel Harris, IP Experts: Put The Brakes On Patent Reform: The Patent System Has Been Turned on Its Head This Year Via Court Precedents and Rule Revisions. Experts Say These Modifications Need to Sink in and Disseminated by The Research Repository @ WVU, 2009
Supreme Court, but has yet to come from the legislature. Thus, the next step in patent reform will most likely come from Congress. "Congressional interest in patent policy and possible patent reform has expanded as the importance of intellectual property [and] innovation has increased," and on September 7, 2007, the House of Representatives passed the Patent Reform Act of 2007. If this bill becomes law, it will "provide further hurdles to proving willful infringement and will further reduce the need [for alleged infringers] to obtain opinion letters." Under this proposed Act, a potential infringer will only be held to have willfully infringed on a patent in three situations. The first scenario where a potential infringer could be held to have willfully infringed would occur if the alleged infringer received notice from the patent owner and, after a reasonable opportunity to investigate, failed to investigate his actions and continued to unlawfully infringe. The second way willful infringement could occur is when the alleged infringer "intentionally copied the patented invention with knowledge that it was patented." The last scenario which a potential infringer could be held to have willfully infringed would occur if the alleged infringer is found by a court to have infringed on a patent and this infringer continues its unlawful activity.

Along with these limitations on when a patentee is allowed to claim willful infringement, the alleged infringer also has three affirmative defenses under this proposed Act. Under the Act, alleged infringers may demonstrate that they had an "informed good faith belief that their conduct was not infringing or that the patent was invalid or unenforceable." Infringers may demon-

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237 For more information on the changes in Supreme Court rulings see Harris, supra note 236. The Supreme Court has added to patent reform in several cases in 2006 and 2007. See supra note 234; eBay v. MercExchange, 547 U.S. 388 (2006) (court held that injunctions barring the infringer from using a patent don’t have to automatically follow a decision. Instead, courts will weigh four traditional factors to determine if an injunction is justified); KSR v. Teleflex, 127 U.S. 1727 (2007) (court set a new precedent for technology patentability based on obviousness).

238 See Stephenson, supra note 221.


242 See H.R. 1908.

243 See id. at 1908(5)(c)(2)(A)-(C).

244 See Rice, supra note 239, at 44; H.R. 1908(5)(c)(2)(A).

245 See Rice, supra note 239, at 44; H.R. 1908(5)(c)(2)(B).

246 See Rice, supra note 239, at 44; H.R. 1908(5)(c)(2)(A).

247 See Rice, supra note 239, at 44.

strate this good faith belief by presenting evidence that (1) they reasonably relied on advice of counsel,249 (2) they modified their conduct to avoid infringement after learning of the patent,250 or (3) there is other evidence suggesting a good faith use of the patent.251

V. CONCLUSION

The Seagate decision has been anticipated for years and will affect not only the business decisions of corporations, but will also have a great impact on patent infringement. This decision has put patent law in conformity with other areas of law that allow for enhanced damages. Potential infringers rejoice in the decision as it will dramatically reduce the number of findings of willful infringement and make defending against such claims much cheaper and easier. However, with the higher standard for determining willfulness, the effect on patentees has not been to their benefit. Patentees will now have a much harder time asserting their patent rights, and with the high cost of litigation, will have to weigh these costs against the possible awards.

No longer will patentees be able to place alleged infringers in a catch-22 and, as a result, patentees will not be able to force alleged infringers into settlement. For this reason, the courts should expect to see a decrease in the amount of patent infringement claims. The Seagate decision is just the start of a new era but has opened the door to many more reforms in patent law.

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251 See H.R. 1908(5)(c)(3)(B)(i); Rice, supra note 239.

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