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The authors offer guidelines for an accused infringer intending to rely on advice of counsel as a defense to willful infringement.

Considerations in Obtaining Advice of Counsel to Rebut a Claim of Willfulness

BY BITA RAHEBI AND CARLOS ESPINOZA

In 2007, the willfulness inquiry changed significantly with the Federal Circuit's seminal decision, *In re Seagate*.[1] In addition to establishing a new two-prong test for willful infringement, the Federal Circuit in *Seagate* abolished the *Underwater Devices*[2] duty of care standard and "reemphasize[d] that there is no affirmative obligation to obtain opinion of counsel."[3] Additionally, the America Invents Act in 2011 provided that the failure to obtain advice of counsel may not be used to prove that the accused infringer willfully infringed the patent in suit.[4]

Despite these developments, accused infringers continue to consider and obtain opinions of counsel to rebut a claim of willful infringement.[5] Reliance on advice of counsel remains relevant to the second prong of the *Seagate* inquiry—namely the subjective prong.[6]

If an accused infringer intends to rely on opinions of counsel, it is important that the opinions be thorough, competent, and timely. For instance, recently, the patent owner in *Health Grades* disputed the competency of the opinion of counsel received by the accused infringer in a motion for summary judgment on a willfulness claim. Although the district court refused to decide the

[1] *In re Seagate Tech. LLC*, 497 F.3d 1360, 2007 BL 83845, 83 U.S.P.Q.2d 1865 (Fed. Cir. 2007) (en banc) (74 PTCJ 491, 8/24/07).

[2] *Underwater Devices Inc. v. Morrison-Knudsen Co., Inc.*, 717 F.2d 1380, 219 U.S.P.Q. 569 (Fed. Cir. 1983), *overruled by Seagate*.

Bita Rahebi is a partner in the Intellectual Property Group of Morrison & Foerster. She has litigated a wide variety of high-technology matters from inception through appeal, and also advises clients on strategic patent licensing issues.

Carlos Espinoza is a litigation associate in the firm's Los Angeles office. His practice focuses on all aspects of intellectual property and patent litigation, and he is registered to practice before the U.S. Patent and Trademark Office.

[3] *Seagate*, 497 F.3d at 1371 ("[T]o establish willful infringement, 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. . . . If 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." (citations omitted)).

[4] 35 U.S.C. § 298 ("The failure of an infringer to obtain the advice of counsel with respect to any allegedly infringed patent, or the failure of the infringer to present such advice to the court or jury, may not be used to prove that the accused infringer willfully infringed the patent or that the infringer intended to induce infringement of the patent.").

[5] *Finisar Corp. v. DirecTV Grp., Inc.*, 523 F.3d 1323, 1339, 86 U.S.P.Q.2d 1609 (Fed. Cir. 2008) (75 PTCJ 677, 4/25/08) (implying an opinion of counsel, by itself, may be sufficient to fend off a charge of willfulness).

[6] *See Seagate*, 497 F.3d at 1369 ("Although an infringer's reliance on favorable advice of counsel, or conversely his failure to proffer any favorable advice, is not dispositive of the willfulness inquiry, it is crucial to the analysis.").

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competency of the opinion of counsel at the summary judgment stage, the court stated that the determination would take into account ''the precise circumstances in which counsel issued the advice, what information counsel was privy to when issuing the advice, and whether information was withheld from counsel.''[7]

In addition to the thoroughness of an opinion of counsel, accused infringers are advised to act promptly. In *Aspex v. Clariti*,[8], the Federal Circuit explained, ''the timing as well as the content of an opinion of counsel may be relevant to the issue of willful infringement, for timely consultation with counsel may be evidence that an infringer did not engage in objectively reckless behavior.''

Because a finding that an opinion of counsel is incompetent will render the opinion ineffective, great care should be taken when obtaining opinion letters. While it is difficult to generalize because each case is different, if an accused infringer decides to rely on advice of counsel as a defense to willful infringement, these general guidelines are useful to keep in mind:

■ The accused infringer should consult counsel in a ''timely'' manner. To the extent an accused infringer is approached prior to the commencement of a lawsuit, consideration should be given to retaining advice of counsel in advance of the lawsuit.

■ In an ideal situation, the opinion of counsel defenses will be consistent with the defenses raised at trial. Of course, there may be changed circumstances that would justify a departure from this guideline.

■ To the extent that there is a change in circumstances (e.g., a change in the law or a ruling on claim construction), a defendant will need to reexamine whether further analysis is required by opinion counsel. It is important to consider any claim construction orders promptly to determine whether any further analysis is warranted.

■ The accused infringer will need to ensure that the opinion of counsel is thorough and based on accurate and complete information.[9] This is particularly important in infringement/noninfringement opinions in which opinion counsel is relying on information provided by the accused infringer. If an accused infringer withholds critical evidence from counsel, this undermines the credibility of the opinion.

■ The opinion of counsel should be drafted by an independent attorney who is credible and competent. Ideally, the same opinion counsel should not later be hired as trial counsel because this may lead to disputes regarding waiver.

■ Once an accused infringer has requested an opinion of counsel, it should identify the company representative who will review and rely on this opinion. Also, given the practical reality that individuals leave companies, it would be wise to identify more than one individual within a company who would be prepared to testify at trial that the company has relied upon the opinion of counsel. Alternatively, if the potential opinion witness leaves the company, counsel should promptly identify another executive to fill that role, making sure that the person can establish continuity for the willfulness defense. The ideal executive would be a credible decision-maker, who has read, understood, and actually relied upon the final opinion.

■ Prior to disclosing an opinion, an accused infringer should examine the scope and exact nature of discoverable materials to determine whether there are any issues that may undermine its defense.

■ If the scope of the subject-matter waiver is critical, an accused infringer may ask the court to issue an advisory opinion, identifying the proper scope of the subject-matter waiver prior to deciding to rely on such an opinion.

Of course, the decision to obtain and rely on the advice of counsel is a difficult one as it often leads to waiver of attorney-client privilege and the work-product doctrine. Generally, the scope of the waiver of attorney-client privilege ''applies to all other communications relating to the same subject matter.''[10] Further complicating matters is that the scope of the subject matter is not always clear—there is some uncertainty as to whether it waives as to all issues concerning the patent in suit (e.g., waiver as to invalidity where there is reliance on a noninfringement opinion). As such, if an accused infringer makes the difficult decision to waive the attorney-client privilege, it should be absolutely certain that its reliance on advice of counsel will hold weight.

As an alternate option, to avoid waiving the attorney-client privilege and/or the work-product doctrine, an accused infringer may instead rely on an internal investigation of an engineer, scientist or other non-attorney to support its position on the second prong of the *Seagate* inquiry. Under such a scenario, the accused infringer must not only ensure that the person conducting the internal investigation is capable of comparing patent claims with accused products but also ensure that the analysis is thorough and reasonable.[11] As with opinions of counsel, such an analysis must be timely, thorough and competent to hold weight.

In sum, the advice of counsel defense remains a strong tool for an accused infringer against a claim for willful infringement. Yet its implications on attorney-client privilege require that advice of counsel be at-

[7] *Health Grades, Inc. v. MDx Med., Inc.*, No. 11-CV-00520-RM-BNB, 2014 BL 195757, at *3 (D. Colo. July 15, 2014) (citing *Chiron Corp. v. Genentech, Inc.*, 268 F. Supp. 2d 1117, 1121 (E.D. Cal. 2002)).

[8] *Aspex Eyewear, Inc. v. Clariti Eyewear, Inc.*, 605 F.3d 1305, 1313, 94 U.S.P.Q.2d 1856 (Fed. Cir. 2010) (80 PTCJ 161, 6/4/10).

[9] The Federal Circuit Bar Association's Model Patent Jury Instructions for willful infringement state that the jury ''must evaluate whether the opinion [of counsel] was of a quality that reliance on its conclusions was reasonable.'' (F.C.B.A., Model Patent Jury Instructions at 3.10 (2014)).

[10] *See In re EchoStar Commc'ns Corp.*, 448 F.3d 1294, 1299, 78 U.S.P.Q.2d 1676 (Fed. Cir. 2006) (72 PTCJ 39, 5/12/06) (''Once a party announces that it will rely on advice of counsel . . . in response to an assertion of willful infringement, the attorney-client privilege is waived.''); *Volterra Semiconductor Corp. v. Primarion, Inc.*, No. 08-CV-05129-JCS, slip op. at 3 (N.D. Cal. Apr. 3, 2013) (stating waiver of attorney-client privilege would occur if defendant introduced any evidence at trial that would leave the jury with the impression that defendant relied on the advice of counsel).

[11] *See Mass Engineered Design, Inc. v. Ergotron, Inc.*, 633 F. Supp. 2d 361, 379, 2009 BL 81799 (E.D. Tex. 2009) (stating that a jury is free to consider ''the occurrence, accuracy, and reasonableness of'' an internal investigation).

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tained pragmatically. Following the guidelines set forth above will help ensure that an alleged infringer avoids potential pitfalls.