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## **Defending Against Willful Infringement in a Post-*Halo* World**

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## Defending Against Willfulness In A Post-*Halo* World

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When infringement is willful, under 35 U.S.C. § 284, District Courts have discretion to enhance damages up to three times the amount found or access. Moreover, under 35 U.S.C. § 285, a finding of willfulness can be the basis for finding a case “exceptional” such that attorneys’ fees can be awarded to the patent holder. In *Halo*,<sup>2</sup> the United States Supreme Court changed the landscape for determining what conduct is willful. When doing so, the Supreme Court discarded the Federal Circuit’s *Seagate*<sup>3</sup> test, which had itself established a new standard for willful infringement.

Specifically, the Supreme Court eliminated one of the primary (if not, practically, the primary) defense against willfulness that had been based solely upon the objective reasonableness of an accused infringers non-infringement, invalidity, and/or unenforceability defenses (even when those were unsuccessful defenses at trial and even when these defenses had been unknown by the alleged infringer at the time of infringement). Such elimination of this “objectiveness” defense has had immediate and significant ramifications for accused infringers.

Thus, there is now additional importance placed upon accused infringers in building a record that supports the reasonableness of their decision of continuing their accused operations. This includes deciding whether there is a need for them to obtain and rely upon advice of counsel to bolster their claims that they were not acting with subjective bad faith. Those electing to do so in defense of willfulness must be mindful of the scope of potential privilege waiver, and

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<sup>2</sup> *Halo Electronics, Inc. v. Pulse Electronics, Inc.*, 136 S. Ct. 1923 (2016).

<sup>3</sup> *In re Seagate Technologies, LLC*, 497 F.3d 1360 (Fed. Cir. 2007) (*en banc*).

proactively take steps aimed at avoiding such waiver, such as to extend to communications with trial counsel.

#### **A. The Changing Standard of Willfulness**

Prior to 2007, Federal Courts applied a “duty-of-care standard” when analyzing whether patent infringement was willful and enhanced damages were warranted.<sup>4</sup> Under this duty-of-care, after an alleged infringer became aware of a third party’s patent, the alleged infringer had an affirmative obligation to investigate the patent before performing activities that were potentially infringing.<sup>5</sup> To discharge this duty-of-care, parties often found opinions of non-infringement, invalidity, and/or unenforceability quite useful, and the courts often expected parties to obtain such opinions.<sup>6</sup>

This standard changed in 2007, when the Federal Circuit eliminated the duty-of-care standard and adopted a dual-prong *Seagate* test.<sup>7</sup> The first prong of this test required the patent holder to show, by clear and convincing evidence, that an alleged infringer acted despite an objectively high likelihood that their actions were infringing.<sup>8</sup> Once this objective prong was met, the patent holder then bore the additional burden of proving that the risk of infringement was either known or so obvious that the accused infringer should have known about it.<sup>9</sup>

In view of the first prong of the *Seagate* test (the objective threshold inquiry), this significantly diminished the necessity for an alleged infringer to proactively develop non-infringement/invalidity/unenforceability positions before litigation. This objective prong

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<sup>4</sup> *Underwater Devices Inc. v. Morrison-Knudsen Co.*, 717 F.2d 1380, 1389-90 (Fed. Cir. 1983).

<sup>5</sup> *Id.*

<sup>6</sup> *Id.*

<sup>7</sup> *In re Seagate*, 497 F.3d at 1371.

<sup>8</sup> *Id.*

<sup>9</sup> *Id.*

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