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LEASON ELLIS
INTELLECTUAL PROPERTY ATTORNEYS

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Issue #25 | Summer 2018

NEWS

A CELEBRATION OF SUMMER!



Under (relatively) blue skies, we enjoyed some relaxing time outside the office at the Leason Ellis annual summer outing, which took place this year at Fairview Country Club in Greenwich, Connecticut on August 20th. Our activities included lounging by the pool, swimming, tennis and yoga, followed by cocktails and dinner outside on the patio overlooking the beautiful golf course.

LEASON ELLIS HIGHLY RANKED IN THE IAM PATENT 1000

Leason Ellis was once again selected for inclusion in the "IAM Patent 1000 – the World's Leading Patent Professionals." The IAM Patent 1000 is commonly regarded as the definitive resource for those seeking to identify world-class, private practice patent expertise. The write-up on our firm stated that "[a] central thread of the Leason Ellis narrative has been careful, judicious growth, crucial to which has been attracting the right talent and enabling it to blossom." In particular, David Leason, Elizabeth Barnhard, Michael Davitz, Susie Cheng and Melvin Garner were singled out for their outstanding work.

[See the Full Listing Here](#)

THREE LEASON ELLIS ATTORNEYS NAMED TO WHO'S WHO LEGAL GUIDE

Martin Schwimmer, Karin Segall, and Peter Sloane have been listed in the 2018 Who's Who Legal: Trademarks, a guide that spotlights over 1,000 leading trademark specialists from over 80 jurisdictions around the world. Who's Who Legal identifies the foremost legal practitioners and consulting experts in business law based upon comprehensive, independent research. The lawyers featured boast broad-ranging expertise across the field of trademark law, and assist clients of all sizes with a wide range of matters, including prosecution, enforcement, portfolio management and dispute resolution.



[Check Out the Listing Here](#)

LEASON ELLIS WELCOMES J. DAVID SMITH, MATTHEW L. FRISBEE, THOMAS T. HODNE, AND GINA KIM

J. David Smith is a registered patent attorney with nearly twenty-five years of experience in the chemical, pharmaceutical, biotechnology, medical device and mechanical arts. David has worked extensively with startup companies, established early stage companies, multinational and Fortune 500 companies, research institutes, universities, venture capital firms, and independent inventors providing strategic counseling regarding obtaining intellectual property rights, designing around the intellectual property rights of others, maximizing intellectual property rights, patent portfolio management and patent prosecution as well as rendering opinions regarding freedom to operate, patent infringement, and validity over a wide range of technologies including organic and inorganic chemistry, pharmaceuticals, genetics, clinical treatment and diagnostic methods,



recombinant DNA, immunology, gene therapy, microarrays, physical chemistry, bacteriology, plant biotechnology, chemical engineering, laboratory devices, medical devices, orthopedic devices and accessories, dialysis devices, systems and methods, clean energy, nanotechnology, oil and gas exploration and mining, semiconductors, superconductors, mechanical devices, and business methods.

Matthew Frisbee assists clients in all aspects of trademark law, with a focus on trademark prosecution and counseling. He routinely guides clients from mark selection and clearance through registration and beyond, emphasizing a pragmatic and strategic approach. He also represents clients in trademark disputes and enforcement efforts, including handling proceedings before the Trademark Trial and Appeal Board, managing worldwide disputes, and negotiating settlement agreements. His transactional experience covers intellectual property licensing, assignments, and due diligence. Prior to joining us, Matt practiced at Fross Zelnick Lehrman & Zissu, and at large firms in Washington, DC.



Gina Kim's practice primarily focuses on patent prosecution and post-grant proceedings, in the pharmaceutical, biotechnology, chemical, and medical patent sectors. She earned her LL.M. (Intellectual Property Law) in 2018 from Cardozo School of Law and her J.D. in 2016 from Fordham University School of Law. She received Dean's merit scholarship from Cardozo and served as an associate editor for Fordham Intellectual Property, Media & Entertainment Law Journal. Gina also earned her M.Sc. in Quantitative Genetics and Genome Analysis – Human Genetics from The University of Edinburgh and her B.S. in Life Science from Ewha Womans University in Seoul, South Korea.



Thomas T. Hodne is a registered patent agent whose practice is dedicated to patent procurement in the U.S. and abroad. He has patent drafting and prosecution experience in the mechanical, electrical, chemical and medical device arts and has prosecuted patent applications covering a wide range of technologies. Thomas also analyzes invention disclosures to assess patentability, as well as the enforceability of issued patents.



LEASON ELLIS ATTORNEYS DRAFT AMICUS BRIEF FOR INTELLECTUAL PROPERTY OWNERS ASSOCIATION

On August 21, 2018, the IPO filed an amicus brief at the U.S. Supreme Court in *Helsinn Healthcare S.A., v. Teva Pharms. USA, Inc.* IPO's brief takes the position that (1) proper application of the post-AIA on-sale bar is critically important to all industries and fields of technology, (2) the post-AIA on-sale bar provision should be interpreted to exclude secret sales, (3) excluding secret sales is consistent with Congress' intent for the AIA to harmonize U.S. patent laws with other countries and (4) the Federal Circuit decision is inconsistent with other interpretations of the on-sale bar. The brief was drafted by Robert Isackson, Matthew Kaufman, and Lauren Sabol.



[Read the Brief Here](#)



PUBLICATIONS

PAUL ZAGAR ARTICLE PUBLISHED IN IPLAW360

In the article "Praxair's New Twist on Subject Matter Ineligibility," published in IPLaw360 on July 18, 2018, Paul Zagar discusses the Federal Circuit's ratification of an IPR decision in which the PTAB applied the printed matter doctrine in claim construction to encompass mental steps and removed ineligible subject matter from the construed claims. The ramifications are discussed and include a potential bifurcation of subject matter eligibility analysis.



[Check Out the Article Here](#)

PETER SLOANE WRITES FOR FEDERAL BAR COUNCIL QUARTERLY

Peter Sloane's article discussing the Second Circuit Court of Appeals decision in Board-Tech Electronic Co., Ltd. v. Eaton Corporation, No. 17-3829-cv (2d Cir. June 11, 2018), appeared in the most recent edition of the Federal Bar Council Quarterly. In Board-Tech, the Second Circuit affirmed the dismissal of a complaint for false and misleading advertising over the use of the Underwriters Laboratory certification mark in a case between two competitors in the light switch market. Even if defendant's products had failed plaintiff's testing for UL compliance, without any indication that defendant's products had been decertified by Underwriters Laboratory, or that its products had materially changed since certification, the Court held that there was no plausible allegation of a false statement.



[Read the Article Here](#)

SPEAKING ENGAGEMENTS

MARTIN SCHWIMMER AND LAUREN EMERSON SPEAK AT NYIPLA EVENT

The New York Intellectual Property Association hosted a program featuring two of our attorneys on hot topics in intellectual property law at the Princeton Club of New York on July 17, 2018. Marty Schwimmer presented on deconstructing trademarks in blockchain and Lauren Emerson appeared on a panel discussing what unresolved issues of secondary liability may mean for copyright owners, publishers and internet service providers.

[View the Full Agenda Here](#)



LEGAL UPDATE

DRAMATIC INCREASE IN US TRADEMARK APPLICATIONS FILED BY CHINESE APPLICANTS

By: Matthew L. Frisbee

US trademark applications filed by Chinese applicants have increased dramatically over the last five years, including a 40% increase in 2017 alone. The trend is noteworthy both due to the significant impact that it is having on the integrity of the Register and the reason behind the upswing.

The increase in applications from China is problematic for the USPTO and third-party trademark owners because many of the recent applications are supported by seemingly illegitimate specimens. For example, a common tactic is for applicants to fabricate a specimen by digitally adding a mark to an existing image. An example showing a recently filed specimen, compared to the original image found online, is below:



The situation has become so problematic that the USPTO recently implemented a program through which third-parties can alert the Office about specific digitally altered specimens, which can result in an examiner issuing a specimen refusal. However, many applications

with questionable specimens are still proceeding to registration. This means that there are now many use-based registrations that are not supported by actual use in US commerce.

Registrations that are obtained using fake specimens create an obvious problem for legitimate trademark owners who are attempting to clear and register their own marks, but what is the reason behind the reliance on fake specimens, especially among the wave of Chinese applicants? A possible answer can be found in Chinese provincial regulations. For example, Shenzhen offers subsidies to Shenzhen based entities that obtain patents and trademark registrations, both in China and abroad (http://www.fzb.sz.gov.cn/gfxwj/201607/t20160711_4122681.htm). The subsidy for registering a mark in the US is about \$800. In the Longhua district of Shenzhen, registrants can receive an additional \$400 for each US registration. Therefore, entities in Longhua can earn up to \$1,200 in subsidies for the cost of a \$225 USPTO TEAS Plus filing fee.

The increase in filings from these specific districts directly correlates to the implementation of the subsidies. For example, applicants in the Longhua district filed 200 US applications in 2014, the year before the Longhua subsidy program started. In 2017, Longhua based applicants filed 4,372 US applications.

Comparing the terms of these subsidy programs to common characteristics of the questionable applications suggests that many applicants are motivated by profit, not a bona fide intent to use the marks in the US. Notably, the subsidies are only paid when the owner obtains a registration, not after it files an application. Therefore, applications are often designed to minimize the filing cost and time to registration, which inherently results in the submission of fake specimens. For example, applicants can speed up the registration process by filing based on use, rather than intent-to-use, and avoid paying extra filing fees for Statements of Use. The Chinese applicants could obtain registrations without submitting specimens by filing based on Section 44 (Paris Convention) or Section 66 (Madrid Protocol), but those methods are disfavored for different reasons. A Section 44-based application will not proceed to registration until the applicant submits a home country registration. The Chinese registration process is notoriously slow (though getting better). The provincial subsidies are lower for Madrid Protocol based registrations, which steers applicants away from utilizing the Madrid Protocol. Many applications are also filed using TEAS Plus and are only single class applications, which minimizes the filing fees. Subsidies are not higher for multi-class registrations.

All of this suggests that at least part of the spike in applications from Chinese entities and the proliferation of fake specimens is caused by the subsidies, and the motivation by some to profit from them. But there may be an end in sight. The subsidy program in Shenzhen is set to expire in December 2019. The Longhua program may expire with it, although that is less clear from the language of the regulations.

For now, third-party applicants are left to navigate the situation by clearing marks diligently, investigating questionable blocking citations, alerting the USPTO to fake specimens, and challenging the applications and registrations through opposition and cancellation proceedings. While a registration based on a fake specimen can cause headaches for legitimate applicants, the registrations are likely vulnerable if the legitimate applicant recognizes the vulnerability and is willing and able to spend the resources to exploit it.

IN RE MAATITA: A GATEWAY TO EXPANDED DESIGN PATENT COVERAGE

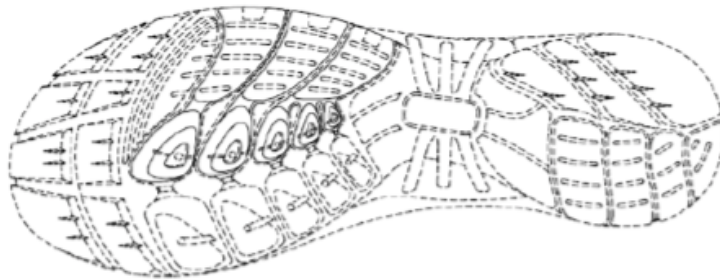
By: Edward J. Ellis

On August 20, 2018, the Court of Appeal for the Federal Circuit (Federal Circuit) rendered an opinion in *in re Maatita* (No. 2017-2037) that will likely have long lasting implications for design patents as a result of the court holding that a single plan view of a claimed article, in this case an athletic shoe bottom, in a design patent application satisfies the enablement and definiteness requirements set forth in 35 U.S.C. § 112. The court came to this conclusion despite the fact that the precise three-dimensional character of the claimed athletic shoe bottom could not be determined and was therefore open to a number of different interpretations. *Maatita* thus provides a new avenue for obtaining a much broader scope of design patent protection than would be otherwise available if the claimed article were shown in a three-dimensional form.



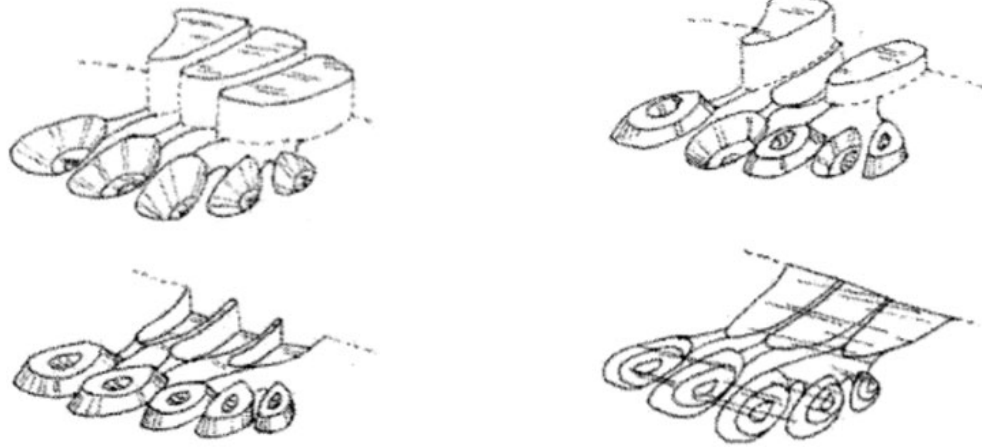
Ron Maatita filed a design patent application for an athletic shoe bottom (a sole) and included a two-dimensional bottom plan view, labeled as Fig. 1, to illustrate the claimed design. Fig. 1 is reproduced below.

FIG. 1



As illustrated above, the claimed design included three elements along one side edge of the sole and five oval elements in the middle of the sole in the forefoot region. The rest of the shoe bottom is shown in broken lines and thus does not form a part of the claimed design.

The US Patent Office (USPTO) rejected the application on the basis that the use of a single, two-dimensional plan view to disclose a three-dimensional shoe bottom design left the design open to multiple interpretations regarding the depth and contour of the claimed elements. As a basis for rejecting the application, the examiner prepared four three-dimensional renderings, set forth below, that show four different three-dimensional implementations of Maatita's two-dimensional plan view. These renderings are only several of the many possible three-dimensional implementations that can be derived from Maatita's two-dimensional plan view.



Since the three-dimensional character of the claimed elements cannot be determined from viewing the single two-dimensional plan view, it is equally possible that each of the claimed elements can be raised, recessed or in the same plane with the surrounding shoe bottom surface. As a result of this uncertainty, it was the examiner's position that the four renderings derived by the examiner from the single two-dimensional plan view were patentably distinct from one another and, therefore, could not be covered by a single claim. Maatita's single claim was thus indefinite and not enabled, "as one would not know which of the many possible distinct embodiments of the claim is applicant's in order to make and use applicant's design" and "because the scope of protection sought is not disclosed in the specification or understandable as depicted in the drawings." The Board of Appeals (Board) at the USPTO affirmed the examiner's rejection.

The Federal Circuit reversed the decision of the Board and held that "because a designer of ordinary skill in the art, judging Maatita's design as would an ordinary observer, could make comparisons for infringement purposes based on the provided, two-dimensional depiction, Maatita's claim meets the enablement and definiteness requirements of §112."

The Federal Circuit noted that a design patent claim is indefinite "if it includes multiple, internally inconsistent drawings" or if "there are inconsistencies between the visual disclosure and the claim language." In Maatita's case, neither of these situations applied since there was a single drawing and there were no inconsistencies between the single drawing and the verbal description. The issue before the Federal Circuit was thus whether the disclosure of Maatita sufficiently describes the design.

To justify its conclusion that Maatita's claim met the enablement and definiteness requirements of §112, the Federal Circuit relied on several different principles and in particular, noted the nexus between the standard for indefiniteness and the standard for infringement. In assessing whether a design patent is infringed, the court noted "one skilled in the art would look to the perspective of the ordinary observer since that is the perspective from which infringement is judged." The court therefore relied upon the ordinary observer perspective in its analysis.

The court also noted that "the level of detail required should be a function of whether the claimed design for the article is capable of being defined by a two-dimensional, plan- or planar-view illustration." The court acknowledged that some articles, such as an entire shoe or a teapot, are inherently three-dimensional and could not be adequately disclosed with a single plan- or planar-view drawing. However, the court noted that the design for a rug or placemat is capable of being viewed and understood in two-dimensions by presenting a plan- or planar-view drawing. The court went on to note that "such a claim, with a single drawing, would cover all similarly designed rugs or mats, even if one might have a low pile and the other a high pile (for a rug) or might be woven or textured fabric (for a placemat)."

In siding with *Maatita*, the court expressed that “a potential infringer is not left in doubt as to how to determine infringement. In this case, *Maatita*’s decision not to disclose all possible depth choices would not preclude an ordinary observer from understanding the claimed design, since the design is capable of being understood from the two-dimensional, plan- or planar-view perspective shown in the drawing.”

The Federal Circuit fully understood that *Maatita* was claiming a shoe bottom configuration of indeterminate and potentially variable depth and therefore, the relative depths and three-dimensional character of the claimed elements relative to the shoe bottom surface were not part of the claimed design. Despite this, the Federal Circuit concluded that *Maatita*’s application did not run afoul of the disclosure and enablement requirements of §112 as a result of the court’s application of the ordinary observer perspective that is used in infringement analysis.

While the *Maatita* decision certainly broadens the scope of protection available to design patent applicants by holding that a single plan view can satisfy the disclosure and enablement requirements of §112, the case still turns on the specific facts presented in the case and in particular, the nature of the article for which design patent protection is being sought. As previously mentioned, the Federal Circuit itself noted that the design for articles that are inherently three-dimensional, such as an entire shoe or teapot, could not be adequately disclosed with a single plan view drawing.

Thus, while *Maatita* provides justification for submission of only a single plan view, such filing must be done with caution since the claimed article must be of a type that the ornamental design thereof is capable of being disclosed and judged from only a two-dimensional plan- or planar-view perspective as in the case of *Maatita*’s shoe bottom.

The applicability of *Maatita* with respect to design patent filings, in general, must also be clearly understood by a design patent practitioner. For example, one of the issues routinely encountered in prosecuting design patent applications from foreign applicants is that the lack of surface shading, which is often not used in foreign jurisdictions, can make it impossible to determine the true three-dimensional nature of certain claimed features. For example, if a ball structure is claimed and includes surface ornamentation in the form of circles extending across the ball’s surface, without proper shading, it is not possible to determine whether the circles depict recessed dimple portions, raised bumps, or flat surface decoration.

Reliance on *Maatita* will not be a means to cure such drawing deficiencies since the submitted drawing set will typically include more than a single plan view and as a result, there will likely be inconsistencies amongst the drawings that render the design non-enabled and indefinite. For example, in a properly prepared perspective view (three-dimensional view) of the ball example discussed above, it would be readily apparent whether the circle ornamentation depicts a recess or an outwardly projected bump or is neither and is merely surface ornamentation that is flush to the surface. Without proper surface shading, such details cannot be determined, even in a perspective view, and the examiner will issue a §112 ground of rejection. Thus, a design applicant will not likely be able to avail itself to the reasoning of *Maatita* when additional figures beyond a two-dimensional plan view are presented to illustrate the claimed design.

If the foregoing hurdles are cleared and the subject matter to be protected is of an appropriate type, then *Maatita* does provide an avenue for obtaining a much broader scope of protection than would be otherwise available if the article were shown in a three-dimensional form. For example, if *Maatita* instead claimed the specific design configuration shown in any one of the renderings provided by the examiner, the resulting patent would undoubtedly be narrower in scope since its coverage would not extend to the other design configurations provided by the examiner. Simply put, the other design

configurations would be non-infringing designs. In this sense, *Maatita* allows a design applicant to carefully prepare and submit a single plan view design application that protects those design elements deemed most important irrespective of how the three-dimensional product actually looks. For this very reason, *Maatita* moves the ball forward in favor of an expansion of protection available to design patentees.

A PARADIGM FOR OBTAINING OPINIONS OF COUNSEL TO AVOID ENHANCED DAMAGES IF NOT WILLFUL INFRINGEMENT, AND MINIMIZING WAIVER OF ATTORNEY-CLIENT PRIVILEGE AND WORK PRODUCT

By: Robert M. Isackson

Since the Supreme Court decided *Halo* in 2016, opinions of counsel have been making a comeback as important evidence to establish an accused infringer's subjective state of mind that the challenged conduct was not culpable, and any infringement was not willful, and that the court should not enhance actual infringement damages as permitted by the U.S. Patent Act, 35 U.S.C. § 284 ("the court may increase the damages up to three times the amount found or assessed"). Of course, reliance on such an opinion also operates as a waiver of attorney-client privilege for the subject matter disclosed, which may expose some infirmities of the opinion and reliance on it, and impact the actor's subjective state of mind. Waiver also carries with it a risk that it will extend to trial counsel's privileged communications and work product. The scope of such waiver is an issue for the trial court to determine. That could be quite problematic, particularly where trial counsel's theory of the case is inconsistent with opinion counsel's rationale for no liability. Worse, waiver might raise questions about the actor's subjective state of mind that would raise material disputed facts that are proper for a jury to resolve.

Although the Federal Circuit held in *Seagate* (en banc) that waiver of opinion counsel's privilege (and work product) as a general rule should not waive trial counsel's privileged communications and work product, the scope of waiver determination remains one for district courts to make in the first instance. Indeed, courts have held sometimes the waiver does, and sometimes it does not, extend to trial counsel. One recent decision by U.S. District Judge Cleland (E.D. Mi.) held that defendant's voluntary waiver of privilege to rely on an opinion of counsel also waived separate litigation counsel's privilege and work product claims for communications **prior to filing of the lawsuit**. *Zen Design Group Limited v Scholastic, Inc.*, Case No. 16-12936 (E.D. Mich.) (Dkt. 54 Order dated June, 22, 2018) ("[Order](#)"). This holding is particularly interesting for two reasons. First, it addresses the scope of waiver on facts common to many cases and thus has the potential for broad applicability. Second, it provides a paradigm for how clients and their attorneys can interact can respond to an infringement charge, safely rely on an opinion of counsel to avoid willful infringement, and avoid a scope of waiver that disgorges litigation counsel's pre-lawsuit privileged and work-product communications.

We'll get to the facts in the section following.

The new paradigm is straightforward

What Judge Cleland instructs is that when charged with knowledge of a patent and potential infringement, hire opinion counsel first, get that counsel's competent opinion (if you can) and rely on it. Then, with your state of mind established, go retain your litigation counsel. What is unfortunate is that this is counterintuitive. And it lays a trap for the uninformed and unwary who, following the old paradigm, might find some of their most critical pre-trial advice at risk of being disclosed as a consequence of relying on an opinion to avoid willfulness and enhanced damages.

Faced with an infringement charge, such as a cease and desist letter, many clients will need, want and hire a litigator to advise and help guide a tactical response to the infringement claim. They also may want an aggressive litigator to negotiate with the patent owner to settle the dispute, and handle any litigation that may result. Certainly, that is what Scholastic did in this case.

In response to an infringement charge, a prudent client, whether based on prior experience or litigation counsel's suggestion, might also retain independent opinion counsel to provide an opinion of no liability (and advice how to design around the infringement claim) that could be relied on in good faith to continue its business. Then, if litigation ultimately follows, that opinion can be produced (and privileged waived as to the subject matter of the opinion) to establish the actor's subjective state of mind and counter a charge of willful infringement, and separately to rebut a claim for enhanced damages. This Scholastic also did.

How the old paradigm became a pitfall

Where Scholastic ran into trouble, according to Judge Cleland, is that Scholastic first retained its litigation counsel and started working with them, and then hired separate counsel who provided an opinion of non-infringement. By waiving privilege to rely on the non-infringement opinion against willful infringement, a conventional and reasonable litigation tactic, however, the Court found that Scholastic also waived its litigation counsel's privileged and work product communications related to the subject matter of the opinion that were made prior to the date the complaint was filed.

This broad scope of subject matter waiver occurred here because, post *Halo*, as the court noted, willfulness looks at "pre-lawsuit" conduct and the defendant's state of mind, and, depending on the advice defendant received from litigation counsel, it may or may not have been reasonable for defendant to rely on opinion counsel's opinion.

The judge's logic behind the broad waiver

The court first noted that litigation counsel and opinion counsel serve different functions. Judge Cleland then focused the inquiry on when "trial counsel" was retained, and rejected a "bright line" rule regarding when "an attorney's role morphs from pre-suit advisory counsel into pre-trial strategy counsel" in a favor of a case by case analysis. On the facts of the case, the court found that, prior to filing of the lawsuit, trial counsel was acting more like an attorney providing "'the competent legal opinion of non-infringement or invalidity' than 'defenses prepared by litigation counsel' for trial." (Order at 14), and the potential prejudice would be greater to plaintiff (if not waived) than defendant (if waived) (Order at 15). Another factor that supported the waiver determination was that litigation counsel participated in the pre-litigation negotiations with the patent owner prior to the filing of the lawsuit.

Unintended consequences

Recognizing the paradigm shift consequence of this decision, Judge Cleland gave Scholastic an option to produce litigation counsel's communications on the same subject matter of the opinion, or withdraw its waiver and reliance on the opinion counsel's opinion. A reverse Hobson's choice.

Takeaways: You can limit the scope of waiver to exclude or at least minimize litigation counsel's privileged and work product communications

Clearly, what happened in *Scholastic* is not what an accused infringer who acted prudently and obtained a competent opinion expected to hear. It remains to be seen whether this decision will remain unchallenged, or be widely adopted by other district courts. Post-*Halo*, however, the focus is clearly on the client's pre-suit activity when the patent became known and state of mind, when evaluating willful infringement and enhanced damages. Therefore, if you are going to obtain an opinion to possibly rely on, it would be

best to do so before you retain litigation counsel. Otherwise, there is a risk that, notwithstanding an ethical wall between litigation and opinion counsel, the subject matter waiver made to rely on the opinion will extend to litigation counsel's communications. As Judge Cleland's opinion explains, the facts of the case (likely requiring an *in camera* review of withheld documents) will establish the date when litigation counsel began to act more "in anticipation of litigation" than as "an advisor on issues of infringement and invalidity," and limit the temporal scope of the waiver as to litigation counsel. This might be one slippery slope to avoid.

Appendix: A Brief History of Why Opinions are Making a Resurgence

While enhanced damages jurisprudence law goes back to the Patent Act of 1793, in 1983 the newly minted Federal Circuit issued its *Underwater Devices* opinion holding that an accused infringer, on "actual notice of another's patent rights, ... has an affirmative duty to exercise due care to determine whether or not he is infringing. Such an affirmative duty includes, inter alia, the duty to seek and obtain competent legal advice from counsel before the initiation of any possible infringing activity." (citations omitted). This ruling formalized what had been a growing practice of accused infringers who, when presented with a cease and desist letter, obtained an opinion of counsel that the asserted patent was invalid or not infringed. If deemed competent, and provided that the accused did not withhold from opinion counsel information important to reaching an opinion, that opinion was usually enough to avoid a finding of willful infringement. Without a finding of willful infringement, few courts would enhance damages under § 284. Not surprisingly, *Underwater Devices* led to a common practice of obtaining an opinion of counsel that there was no liability for willful infringement, and hence no predicate for enhanced damages.

As time progressed, clever plaintiffs' counsel realized that by providing an opinion of counsel, the accused infringer necessarily waived its claims of attorney-client privilege for the subject matter of that opinion. Many courts held that this subject matter waiver also waived trial counsel's advice and work product, which could lead to some interesting inconsistencies that might impeach the reliability and or competence of the opinion of counsel. This led to some courts setting forth procedures (many now embodied in local patent rules) that an accused could defer waiver of privilege until later in the case, when it became clear that reliance on the opinion was needed, or to bifurcate or even conduct *in camera* review of the willfulness.

Also, the Federal Circuit clarified through its evolving case law that whether an accused relied on an opinion of counsel was important, and could be crucial, but it was not determinative of willful infringement, considering the totality of the circumstances.

Opinions of counsel also were met with some skepticism by courts that they were simply more purchased advocacy, designed to allow the accused infringer to continue to infringe, rather than independent legal advice that the accused subjectively relied on in good faith. Indeed, the waiver of trial counsel's advice and work product had the potential to wreck havoc with good faith reliance on the opinion. Interestingly, this caused some accused not to produce their opinions, to avoid the waiver. Of course, that had consequences too. If an accused opted not to disclose an opinion of counsel, some district courts awarded the patent owner an adverse inference that the accused either had not obtained an opinion, or the opinion was negative, for the jury to consider. By 2004, however, the Federal Circuit reigned in the adverse inference in *Knorr-Bremse*, holding that an accused infringer's failure to obtain an opinion of counsel does not give rise to an adverse inference of willfulness. In 2011, this holding was essentially codified at 35 U.S.C. § 298.

By 2007, the Federal Circuit determined that *Underwater Devices* was not such a good idea, and in *Seagate* adopted a very different bright line two-part test:

[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. ... The state of mind of the accused infringer is not relevant to this objective inquiry. 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.

While the *Seagate* decision also found that waiver of an opinion generally did not waive trial counsel's attorney-client communications or work product, it also left it to the trial court to determine under what circumstances, e.g., chicanery of trial counsel, a waiver might extend to trial counsel case by case. A consequence of *Seagate* is that it seriously reduced, if not effectively eliminated, the need for an accused to obtain an opinion of counsel. This is because the development of a reasonable defense, even if at trial, prevented patent owners from getting past the first part to establish objective recklessness. Oftentimes, the subjective bad faith question was never reached and no opinion was needed. As a result, the practice of obtaining opinions of counsel declined, because parties could rely on developing reasonable defenses by the time of trial so that they could avoid willfulness based on the objective recklessness test. Opinions, with the attendant waiver of privilege and work product, were not worth the risk.

In 2016 the Supreme Court in *Halo* and *Stryker* struck out the Federal Circuit's *Seagate* bright line test as too rigid. Instead, *Halo* made clear that district courts may exercise their discretion, applying a more gestalt approach, still based on the totality of the circumstances but now applying a preponderance of the evidence burden of proof, to determine (i) whether the infringement was willful (a question of fact the jury can decide) and (ii) by how much, if at all, actual damages should be increased (a matter for the court to determine). As the *Halo* Court said, "[a]wards of enhanced damages ... are not to be meted out in a typical infringement case, but are instead designed as a 'punitive' or 'vindictive' sanction for egregious infringement behavior. ... But through nearly two centuries of discretionary awards and review by appellate tribunals, 'the channel of discretion has[s] narrowed,' so that such damages are generally reserved for egregious cases of culpable behavior." *Halo*, 136 S.Ct. 1923, 1932 (2016) (internal citations omitted).

In looking at the totality of the circumstances, courts can consider any fact relevant to subjective willfulness, i.e., proof that the accused infringer acted despite a risk of infringement that was either known or so obvious that it should have been known. In other words, the actor's subjective state of mind at the time of the challenged conduct, which could include the time before filing of a lawsuit, as well as the time after the filing of the lawsuit, is now determinative of willfulness, and whether to enhance damages. Indeed, recent jurisprudence has conflated the evidence – not limited to any particular set of factors – applicable to whether a jury may find willful infringement, and whether the court will enhance damages. As before, while opinions of counsel are not determinative, in their presence or absence, they are again important guideposts to establish the subjective statement of mind of the actor regarding whether the conduct challenged was culpable.

Leason Ellis LLP

t: 914.288.0022

f: 914.288.0023

Email: inquiries@leasonellis.com

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