Seagate Equals Sea Change: The Federal Circuit Establishes a New Test for Proving Willful Infringement and Preserves the Sanctity of the Attorney-Client Privilege

Brian Ferguson
In a landmark decision, a unanimous Court of Appeals for the Federal Circuit established a new, more stringent standard for proving willful patent infringement and reaffirmed the sanctity of the attorney-client privilege in our adversarial system of justice. The case, In re Seagate Technology LLC, will have a profound effect on future patent litigation, as a finding of willful infringement often leads to an award of enhanced monetary damages to the patentee under 35 U.S.C. § 284. The decision also provides much needed clarity concerning the scope of waiver of the attorney-client privilege when a patent infringement defendant asserts the “advice of counsel” defense to a charge of willful patent infringement.
I. WILLFUL INFRINGEMENT AND THE ADVICE OF COUNSEL DEFENSE

Patent infringement is a form of strict liability tort; a defendant may be found liable of patent infringement regardless of his motive or intent. However, the nature of a defendant's actions may be relevant to the question of willful infringement. In the absence of any statute defining what constitutes willful infringement, the courts historically equated willful infringement with bad faith or wanton and malicious conduct. A finding of willful infringement is significant because it opens the door to the possibility of the patentee being awarded enhanced damages pursuant to 35 U.S.C. § 284. While the statute is silent as to what justifies an award of enhanced damages, the Federal Circuit has long held that an award of enhanced damages generally requires a showing of willful infringement.

Prior to the formation of the Federal Circuit, a "widespread disregard of patent rights was undermining the national innovation incentive." This widespread disregard was contrary to the

1. See, e.g., In re Seagate Tech., LLC, No. 830, 2007 U.S. App. LEXIS 19768, at *12 (Fed. Cir. Aug. 20, 2007) (en banc) ("Because patent infringement is a strict liability offense, the nature of the offense is only relevant in determining whether enhanced damages are warranted."); Hilton Davis Chem. Co. v. Warner-Jenkinson Co., 62 F.3d 1512, 1523 (Fed. Cir. 1995) (en banc) (per curium) ("Accidental or 'innocent' infringement is still infringement.").


3. See, e.g., Jurgens v. CBK, Ltd., 80 F.3d 1566, 1570-71 (Fed. Cir. 1996) (noting that bad faith infringement is a type of willful infringement); Aro Mfg. Co. v. Convertible Top Replacement Co., 377 U.S. 476, 508 (1961) (noting that a party can recover punitive or "increased" damages for willful or bad faith infringement); Seymour v. McCormick, 57 U.S. (16 How.) 480, 488 (1853) ("It is true, where the injury is wanton or malicious, a jury may inflict vindictive or exemplary damages, not to recompense the plaintiff, but to punish the defendant.").

4. The current version of section 284 provides in relevant part that "the court may increase the damages up to three times the amount found or assessed." 35 U.S.C. § 284 (2000). The courts have had such discretion since 1836. Patent Act of 1836, ch. 357, § 14, 5 Stat. 117, 123 (1836) ("[I]t shall be in the power of the court to render judgment for any sum above the amount found by such verdict... not exceeding three times the amount thereof, according to the circumstances of the case... ").

5. See Beatrice Foods Co. v. New England Printing & Lithographing Co., 923 F.2d 1576, 1578 (Fed. Cir. 1991). But see Judge Gajarsa's concurring opinion in Seagate, advocating the elimination of "the grafting of willfulness onto section 284." Seagate, 2007 U.S. App. LEXIS 19768, at *38 (Gajarsa, J., concurring). In Judge Gajarsa's view, enhanced damages should not be limited to instances of willfulness, but left to the discretion of the trial judge based on the circumstances of each case. Id.

6. See Knorr-Bremse Systeme Fuer Nutzfahrzeuge GmbH v. Dana Corp., 383 F.3d 1337, 1343 (Fed. Cir. 2004) (en banc) (citing Advisory Committee on Industrial Innovation, Final Report, Dep't of Commerce (Sept. 1979)).
Constitution, which empowered Congress "To promote the Progress of Science and useful Arts, by securing for limited Times to Authors and Inventors the exclusive Right to their respective Writings and Discoveries." The judicial system's inability or refusal to enforce patent rights was seen as a disincentive to scientists to continue to innovate, as unscrupulous infringers were allowed to take advantage of the fruits of the inventors' labor without any adverse consequences. This was the legal landscape of patent law when the Federal Circuit came into being on October 1, 1982.

One of the Federal Circuit's purposes was to promote greater uniformity in the area of patent law. One of its early efforts in this regard was the Underwater Devices case. In that case, the court was confronted with a fact pattern typical of the time: a competitor of the patentee was essentially told by its attorney that it should not be overly concerned regarding its competitor's patent rights because "[c]ourts, in recent years, have—in patent infringement cases—found [asserted patents] invalid in approximately 80% of the cases." The attorney thus concluded that it was unlikely his client would ever be sued for patent infringement.

The Federal Circuit did not approve of such "willful disregard" for the patent rights of others. It thus established the modern test for determining willful infringement: "where . . . a potential infringer has actual notice of another's patent rights, he has an affirmative duty to exercise due care to determine whether or not he is infringing." This "duty of due care standard" reflected the fact that "patent property should receive the same respect that the law imposes on all property.

7. U.S. CONST. art. I, § 8, cl. 8.
8. See, Fromson v. Western Litho Plate & Supply Co., 853 F.2d 1568, 1574-75 (Fed. Cir. 1988) (noting that the courts' historical refusal to grant injunctions to individual patentees resulted "in a lowered respect for the rights of such patentees and a failure to recognize the innovation-encouraging social purpose of the patent system. . . . That 'survival of the fittest' jungle mentality was intended to be replaced, not served, by the law.").
12. Id. at 1385.
13. Id.
14. Id. at 1390.
15. Id. at 1389.
Industrial innovation would falter without the order that patent property contributes to the complexities of investment in technologic R&D and commercialization in a competitive marketplace.”16

As expressed in Underwater Devices, the duty of due care included “the duty to seek and obtain competent legal advice from counsel before the initiation of any possible infringing activity.”17 This resulted in the “advice of counsel defense” to a charge of willful infringement. “Under this defense, an accused willful infringer aims to establish that due to reasonable reliance on advice from counsel, its continued accused activities were done in good faith. Typically, counsel’s opinion concludes that the patent is invalid, unenforceable, and/or not infringed.”18

As implemented, the duty of due care standard effectively resulted in a de facto requirement that a defendant accused of willful infringement must produce an opinion of counsel in defense to the claim.19 This was especially the case prior to 2004, when the law imposed an “adverse inference” on defendants who failed to produce an opinion of counsel in defense to a willfulness charge: “[A defendant’s] silence on the subject, in alleged reliance on the attorney-client privilege, would warrant the conclusion that it either obtained no advice of counsel or did so and was advised that its [activities] would be an infringement of valid U.S. patents.”20

In the face of the duty of due care standard and the adverse inference, patent defendants routinely obtained, and then produced during litigation, opinions of counsel as part of the advice of counsel defense to a willful infringement claim.21 This practice resulted in numerous complications for courts and defendants alike. First, reliance on an advice of counsel defense results in waiver of the

17. Underwater Devices, 717 F.2d at 1390 (emphasis in original).
19. In Seagate, the Federal Circuit acknowledged this de facto requirement stemming from the Underwater Devices decision: “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.” Seagate, 2007 U.S. App. LEXIS 19768, at *16 (emphasis added).
attorney-client privilege. This was a serious concern, as "[t]he attorney-client privilege rests at the center of our adversary system and promotes "broader public interests in the observance of law and administration of justice" and "encourages full and frank communication between attorneys and their clients."" Given the importance of the attorney-client privilege to the effective administration of the adversarial system, it is little wonder the courts would interpret the scope of any waiver narrowly. The Federal Circuit recognized the tension between the duty of due care standard and the importance of the attorney-client privilege in 1991:

Proper resolution of the dilemma of an accused infringer who must choose between the lawful assertion of the attorney-client privilege and avoidance of a willfulness finding if infringement is found, is of great importance not only to the parties but to the fundamental values sought to be preserved by the attorney-client privilege. Waiving the attorney-client privilege in the hope of insulating a defendant from a finding of willful infringement allows the patentee insights into possible weaknesses in the defendant's case concerning the underlying issues on the merits—infringement and validity.

Second, the question of whether a defendant would rely on the advice of counsel defense, and the associated questions regarding the scope of any resulting waiver of privilege, resulted in the courts and parties having to engage in extensive and expensive satellite litigation


23. See, e.g., In re Lott, 424 F.3d 446, 453 (6th Cir. 2005) ("Courts 'must impose a waiver no broader than needed to ensure the fairness of the proceedings before it.'... 'A broad waiver would no doubt inhibit the kind of frank attorney-client communications and vigorous investigation of all possible defenses that the attorney-client and work product privileges are designed to promote.'" (quoting Bittaker v. Woodford, 331 F.3d 715, 720, 722 (9th Cir. 2003) (en banc))); Bittaker, 331 F.3d at 720 ("Courts, including ours, that have imposed waivers under the fairness principle have therefore closely tailored the scope of the waiver to the needs of the opposing party in litigating the claim in question."). As the Sixth Circuit recognized in Lott, a narrow interpretation of the waiver is required, because "if we eat away at the privilege by expanding the fiction of waiver, pretty soon there will be little left of the privilege." In re Lott, 424 F.3d at 451.


25. An accused infringer, therefore, should not, without the trial court's careful consideration, be forced to choose between waiving the privilege in order to protect itself from a willfulness finding, in which case it may risk prejudicing itself on the question of liability, and maintaining the privilege, in which case it may risk being found to be a willful infringer if liability is found. Id. at 643-44.
before the actual trial on questions of validity and infringement. This was eloquently explained by then-district court judge Roderick McKelvie in 1995:

[T]hese decisions [Underwater Devices and Kloster] have changed how patent cases are litigated. The current convention in patent litigation strategy is as follows: the patent owner opens with a claim for willful infringement; the alleged infringer answers by denying willful infringement and asserts good faith reliance on advice of counsel as an affirmative defense; then the owner serves contention interrogatories and document requests seeking the factual basis for that good faith reliance defense and the production of documents relating to counsel's opinion; the alleged infringer responds by seeking to defer responses and a decision on disclosure of the opinion; the owner counters by moving to compel; and the alleged infringer moves to stay discovery and for separate trials. In this case, the parties have played out their moves. Now it is the court's turn to join in.  

Judge McKelvie further recognized the potential prejudice a defendant faced by having to make the decision whether to assert the advice of counsel defense to a charge of willfulness before the patentee had established liability on the underlying merits; nonetheless, the Federal Circuit's precedent left no other option.

Third, another unappealing result of the application of the duty of due care standard was the rise of so-called "window-dressing" opinions. Companies obtained such opinions not for the purpose of making informed business decisions, but solely for protection from a willful infringement claim in any litigation concerning the patents in question. This unnecessarily added to the already expensive cost of patent litigation.


27. [Defendant] is correct that moving forward with discovery will subject it to the harm of having to disclose the advice of counsel before it has been found liable to the plaintiffs. That is the natural consequence of the Federal Circuit's decisions that suggest an alleged infringer must respond to a claim of willful infringement by disclosing the advice of counsel or face a negative inference for invoking the attorney-client privilege.

Id. at 36.

28. See, e.g., Johns Hopkins Univ. v. Cellpro, 978 F. Supp. 184, 193 (D. Del. 1997), aff'd in part, rev'd in part, 152 F.3d 1342 (Fed. Cir. 1998). The court stated that the opinions in question were so obviously deficient, one might expect a juror to conclude the only value they had to [Defendant] in the world outside the courtroom would have been to file them in a drawer until they could be used in a cynical effort to try to confuse
But perhaps the most alarming consequence of the duty of due care standard was that it had facilitated “opportunities for abusive gamesmanship” by certain patentees. In many instances, patent-holders would send a copy of the patent in question to large numbers of potential defendants and demand the companies buy a license to the patent without providing any analysis or other rationale. This resulting “knowledge” of the patentee’s rights, satisfying the notice requirement, exposed the recipients to an increased threat of willful infringement under the duty of due care standard, even when the companies were provided no real basis for believing they were infringing the patent in question. Many companies viewed the risk of treble damages in a later litigation as unacceptable, and would agree to pay the patentee for a license that they arguably did not need.

This unintended result of the duty of due care standard was brought to the forefront in 2003, when the Federal Trade Commission (FTC) reported that companies were wary of investigating what patents existed in their industries, for fear of later being charged with willfully infringing those patents. The FTC concluded that this fear stifled, rather than encouraged, innovation. Thus, the threat to innovation – the underlying goal of the patent system – had come full circle since the Department of Commerce’s 1979 report cited by the Federal Circuit in Knorre-Bremse.

The Federal Circuit took its first major step toward reversing the impact of the duty of due care standard with the 2004 en banc Knorre-Bremse decision. There, the court recognized that the adverse inference imposed “inappropriate burdens on the attorney-client

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or mislead what [Defendant], its Board, and counsel must have expected would be an unsophisticated jury.

See also Scott Paper Co. v. Moore Bus. Forms, Inc., 594 F. Supp. 1051, 1085 (D. Del. 1984) (“[The opinions of counsel were nothing more than window dressing . . . .”); Knorre-Bremse Systeme Fuer Nutzfahrzeuge GmbH v. Dana Corp., 383 F.3d 1337, 1351 (Fed. Cir. 2004) (Dyk, J. concurring-in-part and dissenting-in-part) (stating that the duty of due care standard has resulted in “a cottage industry of window-dressing legal opinions by third party counsel designed to protect the real decision-making process between litigating counsel and the company’s executives”).


31. Id., ch. 5, at 30-32.

32. Knorr-Bremse, 383 F.3d at 1343 (citing Advisory Committee on Industrial Innovation, Final Report, Dep’t of Commerce (Sept. 1979)).
relationship" and held that maintaining the attorney-client privilege for opinions of counsel would not give rise to an adverse inference. The court also stated that an accused infringer’s failure to obtain legal advice would likewise not give rise to an adverse inference. However, with the duty of due care standard still requiring "the duty to seek and obtain competent legal advice from counsel," few companies felt comfortable foregoing obtaining opinions of counsel. Thus, issues regarding the timing of the production of opinions, and the attendant scope of the attorney-client privilege waiver, still existed.

In addition, the district courts continued to struggle with the question of the scope of the waiver. While it had long been the rule that if a defendant chose to rely on the advice of counsel in defense to a willfulness claim, where the associated waiver would extend to all communications with counsel who provided such advice, it was far from clear whether the waiver should extend to communications on the same subject matter with other attorneys, particularly those with defendants’ trial counsel. District courts reached various results in addressing this question. Some extended waiver to communications with trial counsel, while others declined to do so, and still others looked for a middle-ground approach.

Further confusing the matter was the Federal Circuit’s 2006 EchoStar decision. There, the court affirmed a lower court’s holding that there should be no distinction between in-house counsel who provides advice concerning patents and outside counsel; the waiver rules were the same. The court also stated the following:

33. Id. at 1343.
34. Id. at 1344-45.
35. Id. at 1345-46.
37. “[T]he voluntary waiver by a client, without limitation, of one or more privileged documents passing between a certain attorney and the client discussing a certain subject waives the privilege as to all communications between the same attorney and the same client on the same subject.” Hercules Inc. v. Exxon Corp., 434 F. Supp. 136, 156 (D. Del. 1977) (emphasis added); see also Duplan Corp. v. Deering Milliken, Inc., 397 F. Supp. 1146, 1161 (D.S.C. 1975).
39. In re EchoStar Commc’ns Corp., 448 F.3d 1294 (Fed. Cir. 2006).
40. Id. at 1299 (“[W]hen [Defendant] chose to rely on the advice of in-house counsel, it waived the attorney-client privilege with regard to any attorney-client communications relating to the same subject matter, including communications with counsel other than in-house counsel”).
Once a party announces that it will rely on advice of counsel, for example, in response to an assertion of willful infringement, the attorney-client privilege is waived. "The widely applied standard for determining the scope of a waiver of attorney-client privilege is that the waiver applies to all other communications relating to the same subject matter." While *EchoStar* did not concern trial counsel, the above language nevertheless resulted in some district courts extending the scope of the waiver to communications with trial counsel. With the district courts issuing widely varying answers to this question concerning the scope of the waiver, the patent bar was badly in need of guidance from the Federal Circuit.

II. THE *SEAGATE* CASE

In July 2000, Seagate Technology LLC ("Seagate") was sued for patent infringement in the Southern District of New York. Prior to the lawsuit, Seagate had retained opinion counsel to provide advice regarding the patents in question. Seagate also retained trial counsel, and Seagate’s opinion and trial counsel were kept separate and distinct at all times.

With the case progressing in the pre-*Knorr-Bremse* era, Seagate chose to rely on the advice of counsel defense to the patentee’s claim of willful infringement. Seagate produced the noninfringement opinions from its opinion counsel, and depositions of Seagate’s decision-makers and the opinion counsel were taken. The patentee thereafter moved to compel discovery of all communications and work product of Seagate’s other counsel, including trial counsel. In May 2004, a magistrate judge agreed with the patentee that Seagate’s

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41. *Id.* (quoting Fort James Corp. v. Solo Cup Co., 412 F.3d 1340, 1349 (Fed. Cir. 2005)).
43. "An uncertain privilege, or one which purports to be certain but results in widely varying applications by the courts, is little better than no privilege at all." Upjohn Co. v. United States, 449 U.S. 383, 393 (1981).
44. Seagate is one of the world’s leaders in the development and marketing of computer disk drives. See [http://www.seagate.com](http://www.seagate.com).
45. *In re* Seagate Tech., LLC, No. 830, 2007 U.S. App. LEXIS 19768, at *7-8 ("There is no dispute that Seagate’s opinion counsel operated separately and independently of trial counsel at all times.").
waiver extended to communications with trial counsel.\textsuperscript{46} Seagate filed objections with the district court, which were denied by the district court in July 2006. After Seagate unsuccessfully requested that the district court certify its discovery orders for interlocutory appeal under 28 U.S.C. § 1292(b), Seagate filed a petition for a writ of mandamus ("petition") with the Federal Circuit on September 29, 2006. On that same day, the Federal Circuit stayed the district court’s discovery orders while it considered the merits of Seagate’s petition.

On January 26, 2007, the Federal Circuit issued an order \textit{sua sponte} to hear Seagate’s petition \textit{en banc}.\textsuperscript{47} As part of that order, the court asked the parties to address the following 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? \textit{See In re EchoStar Commc’n Corp.}, 448 F.3d 1294 (Fed. Cir. 2006).

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

3. Given the impact of the statutory duty of due care standard announced in \textit{Underwater Devices, Inc. v. Morrison-Knudsen Co.}, 717 F.2d 1380 (Fed. Cir. 1983), 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{48}


III. THE FEDERAL CIRCUIT’S SEAGATE DECISION

\textit{A. A New Standard for Proving Willful Infringement}

The court first addressed the question concerning the duty of due care standard. The court noted that the term "willful" is not unique to patent law, but has a well-established meaning in the civil context.\textsuperscript{49} Citing to decisions in the copyright infringement realm, the court pointed out that a finding of willful copyright infringement requires

\begin{itemize}
  \item \textsuperscript{47} \textit{In re Seagate Tech., LLC}, 214 Fed. Appx. 997 (Fed. Cir. 2007) (per curium).
  \item \textsuperscript{48} \textit{Id.}
  \item \textsuperscript{49} \textit{Seagate}, 2007 U.S. App. LEXIS 19768, at *19.
\end{itemize}
reckless behavior.\textsuperscript{50} The court also relied on a recent Supreme Court case addressing willful violations of the Fair Credit Reporting Act, where the Supreme Court held that the "standard civil usage" of "willful" required "reckless behavior."\textsuperscript{51}

The duty of due care standard, in contrast, did not require such reckless behavior. Rather, it "sets a lower threshold for willful infringement that is more akin to negligence. This standard fails to comport with the general understanding of willfulness in the civil context."\textsuperscript{52} Therefore, the court concluded that the current duty of due care standard would allow for punitive damages to be assessed for merely negligent acts, in a manner inconsistent with Supreme Court precedent:

Accordingly, we overrule the standard set out in \textit{Underwater Devices} and hold that proof of willful infringement permitting enhanced damages requires at least a showing of objective recklessness. Because we abandon the duty of due care, we also reemphasize that there is no affirmative obligation to obtain opinion of counsel.\textsuperscript{53}

The court also set forth a new, two-part test for determining whether willful infringement had occurred. 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.\textsuperscript{54} Of particular note, "the state of mind of the accused infringer is not relevant to this objective inquiry."\textsuperscript{55}

Second, if the threshold objective standard is met, 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{56} In other words, not only must the patentee show that the defendant was objectively reckless in its conduct, it must also show that the defendant either knew it was acting recklessly, or clearly should have known its actions were reckless.

\textsuperscript{50} \textit{Id.} at *19-20 (citing \textit{inter alia}, Yurman Design, Inc. v. PAJ, Inc., 262 F.3d 101, 112 (2d Cir. 2001)).

\textsuperscript{51} \textit{Id.} at *20-21 (citing Safeco Ins. Co. of Am. v. Burr, 127 S. Ct. 2201 (2007)).

\textsuperscript{52} \textit{Id.} at *21-22 (citing McLaughlin v. Richland Shoe Co., 486 U.S. 128, 132-33 (1988)).

\textsuperscript{53} \textit{Id.} at *22.

\textsuperscript{54} \textit{Id.} at *22-23.

\textsuperscript{55} \textit{Id.} at *23.

\textsuperscript{56} \textit{Id.}
B. Waiver Does not Extend to Communications with Trial Counsel

Turning to the question of the scope of any associated waiver of the attorney-client privilege, the court found persuasive Seagate’s argument that opinion counsel and trial counsel perform significantly different functions:

Whereas opinion counsel serves to provide an objective assessment for making informed business decisions, trial counsel focuses on litigation strategy and evaluates the most successful manner of presenting a case to a judicial decision maker. And trial counsel is engaged in an adversarial process. . . . Therefore, fairness counsels against disclosing trial counsel’s communications on an entire subject matter in response to an accused infringer’s reliance on opinion counsel’s opinion to refute a willfulness allegation.\

The court also reaffirmed the importance of maintaining the confidentiality of trial counsel’s thought process, stating that the “demands of our adversarial system of justice will far outweigh any benefits of extending waiver to trial counsel.” The court thus held, as general proposition, that “asserting the advice of counsel defense and disclosing opinions of opinion counsel do not constitute waiver of the attorney-client privilege for communications with trial counsel.”

C. Waiver Does not Extend to Trial Counsel’s Work Product

For similar reasons, the court held that “relying on opinion counsel’s work product does not waive work product immunity with respect to trial counsel.” While the court distinguished between “tangible work product,” which is addressed in Fed. R. Civ. P. 26(b)(3), and “non-tangible work product,” wherein courts continue

57. Id. at *27-28. The court cited to its Crystal Semiconductor Corp. v. TriTech Microelectronics Int’l, Inc. opinion where it previously recognized that “defenses prepared [by litigation counsel] for a trial are not equivalent to the competent legal opinion of non-infringement or invalidity which qualify as ‘due care’ before undertaking any potentially infringing activity.” Crystal Semiconductor Corp. v. TriTech Microelectronics Int’l, Inc., 246 F.3d 1336, 1352 (Fed. Cir. 2001).


59. Id. at *32. The court qualified this holding by noting that trial courts could, in unique situations, extend waiver to trial counsel, such as if a party or counsel engages in “chicanery.” Id.

60. Id. at *36. The court again qualified this holding, should a trial court determine that the defendant or its counsel engaged in “chicanery.” Id.

61. Fed. R. Civ. P. 26(b)(3) provides in pertinent part:
to apply the Supreme Court’s *Hickman v. Taylor* decision, its decision was the same for both. The court noted that the distinction was relevant because the patentee in the Seagate case sought to depose Seagate’s trial counsel: “we agree that work product protection remains available to ‘nontangible’ work product under *Hickman*. Otherwise, attorneys’ files would be protected from discovery, but attorneys themselves would have no work product objection to depositions.” The court thus granted Seagate’s petition and remanded to the district court in order to reconsider its discovery orders in light of the opinion.

IV. THE FEDERAL CIRCUIT’S DECISIONS WERE THE RIGHT ONES

The Federal Circuit’s decision was welcome and needed. With respect to the standard for proving willfulness, Judge Dyk had previously pointed out, in his concurring and dissenting opinion in *Knorr-Bremse*, that the duty of due care standard neither conformed to other areas of the law that defined “willful” behavior, nor was it of any recent benefit to the patent system. The court’s new “objectively reckless” standard brings this area of the patent law in line with Supreme Court precedent, and places the burden of proving willful infringement back on the patentee. As to the first point, as the court stated, the Supreme Court defines willful conduct in the context of its “standard civil usage,” i.e., reckless behavior and/or reckless disregard of the law. Second, since the *Underwater Devices* decision, a de facto requirement that a defendant obtain an opinion of counsel once it had notice of a patent effectively turned the patentee’s burden of proving willful infringement into a presumption of willfulness that required rebuttal by defendants. By restoring the burden to prove

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[A] party may obtain discovery of documents and tangible things otherwise discoverable under subdivision (b)(1) of this rule and prepared in anticipation of litigation or for trial by or for another party or by or for that other party’s representative (including the other party’s attorney, consultant, surety, indemnitor, insurer, or agent) only upon a showing that the party seeking discovery has substantial need of the materials in the preparation of the party’s case and that the party is unable without undue hardship to obtain the substantial equivalent of the materials by other means. In ordering discovery of such materials when the required showing has been made, the court shall protect against disclosure of the mental impressions, conclusions, opinions, or legal theories of an attorney or other representative of a party concerning the litigation.

63. *Id.* at *37-38.
65. *Id.* at 1351-52.
willful infringement on the patentee, and clarifying that there is "no affirmative obligation" to obtain an opinion of counsel, the court's decision brings the focus in patent cases back to the underlying merits - infringement and validity - and not the willfulness/attorney-client privilege waiver sideshow into which too many cases devolve. Further, the decision motivates organizations involved in research and development to explore technological advances more freely, with the resulting benefit being increased innovation and product development.

As to the scope of waiver issues, the court, in its analysis, balanced the patentee's need for trial counsel's communications with the defendant's right to full and frank advice from its attorneys, and correctly concluded the latter far outweighed the former. Prior to the court's decision, the uncertainty surrounding the scope of the waiver left accused infringers with a Hobson's choice between relying on the advice of counsel defense to a charge of willful infringement, and losing the right to communicate openly with trial counsel. In many cases where the district court extended waiver to trial counsel, the defendant's litigation strategy was exposed to its adversary. In such cases, merely alleging willfulness would have ensured the patentee access to strategic communications between trial counsel and its client with respect to the ultimate issues in the case: infringement, invalidity, and unenforceability. This turned the question of willfulness of the infringement, rather than infringement itself, into the paramount issue in the case - a consequence the law never intended. The court's decision eliminates this dilemma and recognizes the different roles played by opinion counsel and trial counsel in a patent case. The court's decision further instills confidence in the patent bar by confirming the sanctity and vital importance of the attorney-client privilege and the work product immunity doctrine.

V. THE SEAGATE DECISION'S IMPACT ON FUTURE PATENT LITIGATION

The Seagate decision provides broad rules of law but leaves it to future cases to develop the application of the new willfulness standard.\(^{66}\) Provided below is a brief overview of two questions that will undoubtedly arise in the wake of the decision.

A. Are Opinions of Counsel a Thing of the Past?

The short answer is "no." While the new willfulness standard undoubtedly makes it harder to prove willful infringement, until the courts sort out exactly what type of conduct is "objectively reckless," it will still be prudent, at least in certain situations, to obtain opinions of counsel.

For example, contrast the situation where a patentee sends a letter that explains in detail why the patentee believes the target company needs a license, identifying specific products and including claim charts and other analysis, with the situation where the patentee merely sends a letter enclosing the patent with no in-depth analysis. In the former, the courts may well determine that it would be objectively reckless to ignore the patent in question. On the other hand, the patentee in the second instance should not expect to prove the target company was objectively reckless in a later litigation merely for choosing to forego the expense associated with obtaining an opinion of counsel. A "wait and see" approach in the latter case may well be a reasonable one.

Another factor in determining whether to obtain an opinion is when the accused infringer first learned of the patent in question. Certainly, the court made it clear that there is no need to obtain an opinion if the defendant first learned of the patent upon being sued.67 The court noted that in ordinary circumstances, willfulness will depend on an infringer's pre-litigation conduct; a willfulness claim asserted in the original complaint "must necessarily be grounded exclusively in the accused infringer's pre-filing conduct."68 A defendant who first learned of the patent upon being sued could not have engaged in pre-suit willful infringement by definition.69 Thus, opinions obtained after litigation commenced "will likely be of little significance."70

Ultimately, we may well see the law develop to the point that opinions of counsel are simply not relevant in determining the issue of willful infringement. After all, the point of opinions of counsel is to

67. Id. at *29-33.
68. Id. at *30.
69. Id.
70. Id. at *32. The court noted that a patentee who wishes to prove a defendant's post-filing conduct is reckless should ordinarily move for a preliminary injunction. If the patentee is unsuccessful, "it is likely the infringement did not rise to the level of recklessness.... A substantial question about invalidity or infringement is likely sufficient not only to avoid a preliminary injunction, but also a charge of willfulness based on post-filing conduct." Id. at *30-31.
“provide an objective assessment for making informed business decisions,”71 not to protect a company from a finding of willful infringement. These business decisions typically include deciding whether a company should introduce a new product to the marketplace, or enter a new market altogether. The real value provided by opinions of counsel is in analyzing the risks associated with the making of such decisions vis-à-vis the patent rights of others; indeed, most prudent and conscientious companies obtain opinions for this very purpose. These companies should be allowed to rely on such standard business practices to demonstrate their lack of objective recklessness in any future patent litigation without requiring them to waive the attorney-client privilege as to specific communications regarding specific patents. Conversely, companies that have a “shoot first, ask questions later” attitude should not be heard to complain if their actions are later found to be objectively reckless.

Ultimately, eliminating the use of opinions of counsel in patent litigation would be a welcome development. It would simplify the case for both the parties and the court by removing the often complex issues associated with determining the scope of any waiver. It would also reduce the amount of discovery that would take place. The net result would be a decrease in the cost of patent litigation for everyone involved.

B. Can Opinion Counsel Also Be Trial Counsel?

The Seagate decision does not answer this question. As explained above, the opinion counsel and trial counsel work product in Seagate were separate and distinct.72 This remains the preferred course, as courts prior to Seagate, faced with facts showing that trial counsel was also opinion counsel, have held that the waiver extends to all communications the client had with that counsel concerning the subject matter of the opinions, regardless of whether they were in the context of discussing the litigation.73

There are other concerns associated with having opinion counsel also act as trial counsel. In most cases where the client asserts the advice of counsel defense at trial, the attorney who prepared the opinions will be a witness in the case. But ethical rules governing the conduct of attorneys, such as The Model Rules of Professional Conduct, prevent an attorney from acting as both an advocate and a

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71. Id. at *27.
72. Id. at *7-8.
witness in a case. This results in the likelihood that the attorney will be disqualified from representing the client in the litigation. Accordingly, the wiser choice for a company is to retain separate opinion counsel and trial counsel.

VI. CONCLUSION

The Seagate decision truly represents a “sea change” in the law governing patent litigation. The Federal Circuit’s holdings were welcome, as they reconciled the standards for proving willful patent infringement to other areas of the law, and upheld the importance of the attorney-client privilege and work product immunity in patent cases.

74. See 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.

75. This does not necessarily mean different law firms. Many companies use a single law firm for opinion work and trial work, but use different attorneys for each role. This is expressly permitted under the Model Rules of Professional Conduct. See Model Rules of Prof’l Conduct R. 3.7(b) (2003) (“A lawyer may act as advocate in a trial in which another lawyer in the lawyer’s firm is likely to be called as a witness unless precluded from doing so by Rule 1.7 or Rule 1.9.”).