

SOLVING HOBSON'S CHOICE: SUGGESTED CHANGES TO WILLFULNESS LAW IN THE WAKE OF *KNORR-BREMSE* AND *ECHOSTAR*

Timothy J. Malloy & Merle S. Elliott
Timothy J. Malloy, McAndrews, Held & Malloy
Chicago, IL

Defendants accused of willful patent infringement are currently put to a Hobson's choice: waive attorney-client privilege, or risk a jury verdict of willfulness and potentially trebled damages.

In nearly every patent case, defendants are accused of willful infringement.¹ One of the frequently employed ways for a defendant to combat a willfulness charge is to rely on the advice of counsel. This "solution," however, results in a waiver of the attorney-client privilege regarding that advice.

The Federal Circuit recently weighed in on the issue of willfulness and the defense of advice of counsel in *Knorr-Bremse Systeme Fuer Nutzfahrzeuge GmbH v. Dana Corp.*² and *In re EchoStar Communications Corp.*³ In *Knorr-Bremse*, the Federal Circuit reaffirmed that when a potential infringer has "actual notice" of a patent, the potential infringer has "an affirmative duty to exercise due care to determine whether or not he is infringing, including the duty to seek and obtain competent legal advice from counsel before the initiation of any possible infringing activity."⁴ The Federal Circuit also partially alleviated the traditional defendant's dilemma, holding that it is the patent holder's burden to prove willful infringement, and where a defendant asserts the attorney-client privilege and withholds the advice of counsel, there will be no "adverse inference as to the nature of the advice."⁵

Unfortunately, the Federal Circuit's opinion in *Knorr-Bremse*, especially in light of the more recent *EchoStar* opinion, does not end the defendant's problem. Many defendants will still choose to rely on the advice of counsel, and the scope of the waiver of privilege, as discussed in *EchoStar*, has been interpreted so broadly by some courts that it may jeopardize a defendant's ability to receive effective representation.

The defendant's dilemma regarding willfulness charges and the advice of counsel has not escaped the notice of Congress. In the recently-introduced Patent Reform Act of 2007, Congress is considering amendments to the patent law that would substantively change the treatment of willfulness charges. In this proposed legislation, a charge of willfulness cannot be pled until after a determination that a patent is infringed and not invalid. Willfulness would also be made an issue for the court.

1 Kimberly A. Moore, *Empirical Statistics on Willful Patent Infringement*, 14 FED. CIR. B.J. 227, 232 (2004) (patentees charged defendants with willful infringement in more than 90 percent of all cases; data discussed in a section titled "Willfulness is Alleged All the Time").

2 *Knorr-Bremse Systeme Fuer Nutzfahrzeuge GmbH v. Dana Corp.*, 383 F.3d 1337 (Fed. Cir. 2004) (en banc).

3 *In re EchoStar Communications Corp.*, 448 F.3d 1294 (Fed. Cir. 2006).

4 *Underwater Devices, Inc. v. Morrison-Knudson Co.*, 717 F.2d 1380, 1389-90 (Fed. Cir. 1983).

5 *Knorr-Bremse*, 383 F.3d at 1345.

Should Congress take no action regarding willfulness, however, there are at least two potential solutions to the defendant's dilemma available after the recent Federal Circuit decisions in *Knorr-Bremse* and *EchoStar*. First, courts could exercise the case management powers they already have to bifurcate trial – and discovery – on willfulness and advice of counsel issues until after a finding on liability. Second, the Federal Circuit could reconsider its position that willfulness is a question of fact, to be determined by the jury. This paper suggests consideration as to whether willfulness is more appropriately an equitable issue, analogous to inequitable conduct, and should be determined by the court.

I. TWO UNSAVORY OPTIONS: THE CURRENT STATE OF WILLFULNESS LITIGATION

Whether infringement is “willful” is currently a question of fact to be determined by the trier of fact (normally a jury).⁶ A determination of willfulness is made by considering the totality of the circumstances, including the factors enumerated in *Rolls-Royce Ltd. v. GTE Valeron Corp.* and *Read Corp. v. Portec, Inc.*⁷ If infringement is found to be willful, the court can then treble the defendant's damages liability and award the plaintiff its attorneys' fees.⁸

Defendants faced with a charge of willful infringement thus must make a distasteful decision: waive the attorney-client privilege or risk a potentially undeserved finding of willfulness and trebled damages. The problem is magnified by the amounts often at stake.

On one hand, defendants are often reluctant to waive the attorney-client privilege for good reason – waiving the privilege erodes the freedom of attorney-client communication, and therefore the effectiveness of counsel. Yet, a finding of willfulness and trebled damages entered against a defendant are also undesirable to say the least.

Adding further complexity to the defendant's dilemma, the defendant is often forced to choose whether to rely on the advice of counsel as a defense to a willfulness charge before any finding is entered on liability, and sometimes before significant discovery on liability issues has been conducted.

Recent Federal Circuit decisions in the area of willfulness, including *Knorr-Bremse* and *EchoStar*, do not eliminate this dilemma. While the Federal Circuit in *Knorr-Bremse* removed any adverse inference drawn from the failure of the defendant to obtain or produce an opinion of counsel, it still maintained the defendant's “duty of care” to avoid infringing on others' patents. In *EchoStar*, the Federal Circuit addressed the scope of the waiver of the attorney-client privilege and attorney work product where a defendant does choose to rely on the advice of counsel.

Based on the decisions in *Knorr-Bremse* and *EchoStar*, as well as the way those decisions have been interpreted and applied by district courts, forcing a defendant to choose whether or not to waive privilege at an early stage of the litigation erodes, if not eliminates, a defendant's ability to obtain effective representation.

A. A Small Step In The Right Direction: *Knorr-Bremse*

As discussed above, willfulness is a question of fact, based on consideration of the totality of the circumstances. In *Read Corp. v. Portec, Inc.*, the Federal Circuit enumerated factors adopted in *Knorr-Bremse* to be considered in a willfulness determination.⁹ These factors include: (1) whether the infringer deliberately copied the ideas or design of another; (2) whether the infringer, when he knew of the other's patent protection, investigated the scope of the patent and formed a good-faith belief that it was invalid or that it was not infringed; (3) the infringer's behavior as a party to the litigation; (4) defendant's size and financial condition; (5) closeness of the case; (6) duration of defendant's

⁶ *Knorr-Bremse*, 383 F.3d at 1342-43.

⁷ *Id.* (citing *Rolls-Royce Ltd. v. GTE Valeron Corp.*, 800 F.2d 1101, 1110 (Fed. Cir. 1986), and *Read Corp. v. Portec, Inc.*, 970 F.2d 816, 826-27 (Fed. Cir. 1992)).

⁸ 35 U.S.C. Section 284 (“the court may increase the damages up to three times the amount found or assessed”); 35 U.S.C. Section 285 (“the court in exceptional cases may award reasonable attorney fees to the prevailing party”).

⁹ *Knorr-Bremse*, 383 F.3d at 1342-43.

misconduct; (7) remedial action by the defendant; (8) defendant's motivation for harm; and (9) whether defendant attempted to conceal its misconduct.¹⁰ A defendant often obtains and relies on the advice of counsel in order to develop a "good-faith belief that [a patent] was invalid or that it was not infringed."¹¹

Where, however, a defendant had actual notice of a patent but did not provide or rely on the advice of counsel, the Federal Circuit drew an "adverse inference." In *Kloster Speedsteel AB v. Crucible, Inc.*, the Federal Circuit some twenty years ago held that the infringer's failure to produce an opinion, "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 importation and sale of the accused products would be an infringement of valid U.S. patents."¹² The Federal Circuit affirmed the adverse inference in later cases, establishing a general rule that "a court must be free to infer that either no opinion was obtained or, if an opinion were obtained, it was contrary to the infringer's desire to initiate or continue its use of the patentee's invention."¹³

Recognizing that application of the adverse inference "resulted in inappropriate burdens on the attorney-client relationship," the Federal Circuit took the *Knorr-Bremse* case *en banc* in order to reconsider its precedent regarding the adverse inference.¹⁴ The Federal Circuit, in overruling its precedent authorizing an adverse inference, explained that the "conceptual underpinnings" of this precedent have significantly diminished in force.¹⁵ The advice of counsel defense and attendant waiver of the attorney client privilege spawned what the Federal Circuit described as "extensive satellite litigation."¹⁶

The Federal Circuit in *Knorr-Bremse* addressed four questions regarding the adverse inference. Specifically, the Federal Circuit held: (1) the assertion of the attorney/client privilege and the withholding of the advice of counsel shall no longer entail an adverse inference as to the nature of the advice; (2) the failure to obtain an opinion of counsel will not entail an adverse inference or evidentiary presumption that such an opinion would have been unfavorable; (3) in the context of the facts in this particular case, a fresh weighing of the evidence was required to determine whether the defendant committed willful infringement; and (4) the existence of a substantial defense to infringement is relevant but not *per se* sufficient to defeat liability for willful infringement.¹⁷

In abolishing the adverse inference where an opinion is obtained but the attorney-client privilege is asserted, the Federal Circuit emphasized that the public benefits when clients, in this case defendants, feel confident in sharing information with attorneys. "There should be no risk of liability in disclosures to and from counsel in patent matters; such risk can intrude upon full communication and ultimately the public interest in encouraging open and confident relationships between client and attorney."¹⁸

In abolishing the adverse inference where no opinion was obtained, the Federal Circuit did not consider the attorney-client privilege, but whether there is a "legal duty" upon a defendant to consult with counsel.¹⁹ The Federal Circuit recognized the burden and cost of requiring "early and full study" of virtually every potentially adverse patent of which a company has knowledge.²⁰ The Federal Circuit maintained, however, that "there continues to be 'an affirmative duty of due care to avoid infringement of the known patent rights of others.'"²¹

Abolishing the adverse inference is a step in the right direction – it limits the penalty for a defendant who chooses to assert the attorney-client privilege or who chooses not to get an opinion.

10 *Read Corp.*, 970 F.2d at 826-27.

11 *Id.*

12 *Kloster Speedsteel AB v. Crucible Inc.*, 793 F.2d 1565, 1580 (Fed. Cir. 1986).

13 *Fronson v. W. Litho Plate & Supply Co.*, 853 F.2d 1568, 1572-73 (Fed. Cir. 1988).

14 *Knorr-Bremse*, 383 F.3d at 1343-44.

15 *Id.* at 1344 (citation omitted).

16 *Id.* at 1345.

17 *Id.* at 1345-47.

18 *Id.* at 1344.

19 *Id.* at 1345.

20 *Id.*

21 *Id.* at 1345-46 (quoting *L.A. Gear Inc. v. Thom McAn Shoe Co.*, 988 F.2d 1117, 1127 (Fed. Cir. 1993)).

Abolishing the adverse inference does not completely solve the defendant's dilemma, however. The Federal Circuit maintained the affirmative duty of due care,²² so patent holders may argue that a defendant who has knowledge of a patent should have a difficult time showing that it exercised due care without presenting an opinion of counsel. As Judge Dyk recognized in his partial dissent in *Knorr-Bremse*, "the majority opinion does not address whether a potential infringer can satisfy the requirement of due care without securing and disclosing an opinion of counsel."²³

In addition, the Federal Circuit specifically failed to address the question of whether the existence or lack thereof of an opinion is appropriate evidence to present to the trier of fact. The Federal Circuit specifically stated that it was not ruling that the existence of opinions of counsel was irrelevant:

Several amici curiae raised the question of whether the trier of fact, particularly a jury, can or should be told whether or not counsel was consulted (albeit without any inference as to the nature of the advice received) as part of the totality of the circumstances relevant to the question of willful infringement. The amici pointed to various hypothetical circumstances in which such information could be relevant, even when there was no issue of attorney-client privilege. That aspect is not raised by this case, was not before the district court, and has not been briefed on this appeal. Today we resolve only the question of whether adverse inferences of unfavorable opinions can be drawn, and hold that they can not.²⁴

Knorr-Bremse abolished the "adverse inference," but did not explicitly abolish the relevance of opinions of counsel apart from any inference.²⁵ A jury, if told that a defendant knew about a patent and obtained an opinion of counsel that it refuses to disclose, might well draw an adverse inference regarding that opinion on its own, despite any contrary instruction from a court.

The Federal Circuit's decision in *Knorr-Bremse* acknowledges that a defendant facing a willfulness charge must make a difficult decision regarding the advice of counsel and the attorney-client privilege, and takes at least a step towards providing a framework that is fair for a defendant. Even after *Knorr-Bremse*, however, a defendant may decide, from a practical standpoint, to produce an opinion of counsel in order to defend against a willfulness charge. Where a defendant does choose to waive privilege, the Federal Circuit's opinion in *EchoStar* is of little comfort regarding the scope of that waiver.

B. A Step Back - *EchoStar*

In *In re EchoStar Communications Corp.*, the Federal Circuit recently addressed the scope of the waiver of the attorney-client privilege and the attorney work product immunity where the advice of counsel defense is asserted.²⁶ After *EchoStar* and its progeny, the scope of the waiver is uncertain, and may be so broad as to essentially deprive a defendant of effective counsel.

In *EchoStar*, the plaintiff sought discovery regarding the opinion on infringement provided to defendant by outside counsel after the filing of the lawsuit.²⁷ The Federal Circuit stated that a defendant should not be able to use the attorney-client privilege and the work product immunity "as both a sword and a shield," and recognized that "when a party defends its actions by disclosing an attorney-client communication, it waives the attorney-client privilege as to all such communications regarding the same subject matter."²⁸ Therefore, one could argue that if a defendant has received two opinions regarding the patent in suit, one favorable and one less favorable, in order to rely on the favorable opinion, the defendant must waive the privilege as to both.

22 In his partial dissent in *Knorr-Bremse*, Judge Dyk argued that enhancing damages for mere failure to exercise "due care" is inconsistent with Supreme Court jurisprudence holding that "punitive damages can only be awarded in situations where the conduct is reprehensible." *Id.* at 1348 (Dyk, J., dissenting-in-part).

23 *Id.* at 1352 (Dyk, J., dissenting-in-part).

24 *Id.* at 1346-47.

25 See, e.g., Joshua Stowell, *Willful Infringement and the Evidentiary Value of Opinion Letters After Knorr-Bremse v. Dana*, 2005 DUKE L. & TECH. REV. 5 (2005); Arthur Beeman, *Patent Opinions*, DAILY JOURNAL (2005), available at http://www.lawinternational.com/articles/pub_146.pdf.

26 *In re EchoStar Communications Corp.*, 448 F.3d 1294 (Fed. Cir. 2006).

27 *Id.* at 1297.

28 *Id.* at 1301.

The Federal Circuit's decision in *EchoStar* also clarifies the scope of the waiver, largely as it applies to work product, by considering documents in three categories. First, those "documents that embody a communication between the attorney and client concerning the subject matter of the case, such as a traditional opinion letter," are included within the scope of the waiver.²⁹

Second, documents that "discuss a communication between attorney and client concerning the subject matter of the case but are not themselves communications to or from the client," are included within the scope of the waiver.³⁰ Documents that reference a communication between attorney and client, even though not communicated to the client, do fall within the scope of the waiver. While the Federal Circuit recognized the danger that these documents may also contain legal analysis that was not communicated (and should be redacted), these documents "will aid the parties in determining what communications were made to the client and protect against intentional or unintentional withholding of attorney-client communications from the court."³¹

Third, documents that "analyz[e] the law, facts, trial strategy, and so forth that reflect the attorney's mental impressions but were not given to the client" do not fall within the scope of the waiver.³² Because the "work-product waiver extends only so far as to inform the court of the infringer's state of mind," documents that contain attorney analysis that was not communicated to the client do not fall within the scope of the waiver.³³ "Counsel's opinion is not important for its legal correctness . . . It is what the alleged infringer knew or believed, and by contradistinction not what other items counsel may have prepared but did not communicate to the client, that informs the court of an infringer's willfulness."³⁴

While *EchoStar* clarifies to some extent the specific documents that should be produced when a defendant chooses to waive the attorney-client privilege and rely on the advice of counsel as a defense to a willfulness charge, *EchoStar* leaves larger questions unanswered: Does the waiver apply to trial counsel as well as opinion counsel? Does the waiver apply to all defenses, including infringement, invalidity, and unenforceability rather than just the scope of the particular opinion at issue?

For example, *EchoStar* discusses whether the waiver applies to advice given after litigation has commenced, including, potentially, advice from trial counsel rather than simply opinion counsel:

EchoStar contends that waiver of opinions does not extend to advice and work product given after litigation began. While this may be true when the work product is never communicated to the client, it is not the case when the advice is relevant to ongoing willful infringement, so long as that ongoing infringement is at issue in the litigation.³⁵

Regarding the scope of subject matter waived, the *EchoStar* opinion is similarly unclear. The court states that "when a party defends its action by disclosing an attorney-client communication, it waives the attorney-client privilege as to all such communications regarding the same subject matter."³⁶

In the brief wake of *EchoStar*, district courts have recognized these unanswered questions and reached differing conclusions.³⁷

²⁹ *Id.* at 1302.

³⁰ *Id.*

³¹ *Id.* at 1304.

³² *Id.* at 1302.

³³ *Id.* at 1303 (emphasis omitted).

³⁴ *Id.*

³⁵ *Id.* at 1302 n.4.

³⁶ *Id.* at 1301.

³⁷ Prior to *EchoStar*, numerous district courts addressed the issue of the scope of the waiver of attorney-client privilege and work product immunity when a defendant relies on the advice of counsel as a defense to a willfulness charge. See, e.g., *Akeva LLC v. Mizuno Corp.*, 243 F. Supp. 2d 418 (M.D.N.C. 2003); *Motorola, Inc. v. Vosi Tech., Inc.*, No. 01-C-4182, 2002 U.S. Dist. LEXIS 15655 (N.D. Ill. Aug. 19, 2002); *Thorn EMI N. Am., Inc. v. Micron Tech., Inc.*, 837 F. Supp. 616 (D. Del. 1993); *Mushroom Assocs. v. Monterey Mushrooms, Inc.*, 24 U.S.P.Q.2d 1767 (N.D. Cal. 1992). These decisions are not discussed here partially because they pre-date *EchoStar*, and also because they have been amply discussed elsewhere. See, e.g., William F. Lee & Lawrence P. Cogswell, III, *Understanding and Addressing the Unfair Dilemma Created by the Doctrine of Willful Patent Infringement*, 41 HOUS. L. REV. 393 (2004); Mark A. Lemley and Ragesh K. Tangri, *Ending Patent Law's Willfulness Game*, 18 BERKELEY TECH. L.J. 1085, 1100 (2003); David O. Taylor, *Wasting Resources: Reinventing the Scope of Waiver Resulting from the Advice-of-Counsel Defense to a Charge of Willful Patent Infringement*, 12 TEX. INTELL. PROP. L.J. 319 (2004). Further, at least one district court has concluded that "the Federal Circuit's opinion in *EchoStar* is not binding on this court." *Adidas Am., Inc. v. Payless Shoesource, Inc.*, No. CV 01-1655-RE, 2006 U.S. Dist. LEXIS 79154, at *8 (D. Or. Oct. 19, 2006).

The Federal Circuit may also weigh in again soon: In *In re Seagate Technology, LLC*, Misc. Docket No. 830 (Fed. Cir. 2007), the Federal Circuit invited the parties to brief the question of whether the waiver of attorney-client privilege and attorney work product extends to trial counsel as well as opinion counsel.³⁸ It is impossible to predict whether any Federal Circuit decision in *In re Seagate* would answer any or all of the remaining questions regarding waiver.

1. Does Waiver Extend To Trial Counsel?

Several district courts have held that the waiver of privilege and work product immunity does not extend to trial counsel. In *Indiana Mills & Manufacturing, Inc. v. Dorel Industries, Inc.*,³⁹ the district court held that the temporal scope of the waiver did not extend past the filing of the lawsuit.³⁹ Although recognizing the holding of the Federal Circuit in *EchoStar* that an opinion provided after the filing of the lawsuit was discoverable, the district court in *Indiana Mills* opined that

the *EchoStar* court made such a ruling [regarding the temporal scope of the waiver] in the context of discovery from an outside attorney who had provided an opinion on the infringement issue after suit. There is no indication that the *EchoStar* court intended to extend this waiver to communication of trial counsel or to work product of trial counsel.⁴⁰

Despite ruling that the waiver did not extend past the filing of the lawsuit and therefore did not extend to trial counsel, the court in *Indiana Mills* recognized that extending the scope of the waiver past the filing of the lawsuit and to communications with trial counsel is “an argument [that] could have merit” where “there is a fear that post-filing non-infringement opinions, whether they be of trial counsel, in-house counsel, or third-party outside counsel, differ from those pre-filing and have bearing on the reasonableness of the alleged infringer’s reliance on advice of counsel.”⁴¹

In contrast, other district courts have held that the waiver of privilege and work product immunity does extend to trial counsel. In *Informatica Corp. v. Business Objects Data Integration, Inc.*, a magistrate judge entered a discovery order holding that “[s]uch waiver applies to opinion counsel and trial counsel alike.”⁴² The defendant elected to rely on the advice of counsel in combating a charge of willful infringement, and plaintiff sought discovery from both opinion counsel and trial counsel.⁴³ In *Informatica*, one of the attorneys who rendered an opinion on infringement was a member of the same firm representing the defendant as trial counsel.⁴⁴ The district court found that “according to the analysis in *EchoStar*, what is significant is the state of mind of [the defendant] and not the affiliation of [the defendant’s] attorneys, and that privilege has been waived with respect to pertinent communications and work product of all counsel in this case.”⁴⁵ Therefore, at least according to this *dicta*, it was immaterial whether trial counsel and opinion counsel were members of the same firm or different firms - the privilege had been waived with respect to both trial counsel and opinion counsel.

Still other district courts have sought middle ground. In *Intex Recreation Corp. v. Team Worldwide Corp.*, the district court took a reasoned approach. Trial counsel and opinion counsel were the same attorney, and the opinion had been given after the complaint had been filed.⁴⁶ The accused

³⁸ *In re Seagate Tech. LLC*, Misc. Docket No. 830, 2007 U.S. App. LEXIS 2457, at *1 (Fed. Cir. Jan. 26, 2007). Oral argument in that case is currently scheduled for June 7, 2007. The Federal Circuit also invited the parties to brief the question of whether the Federal Circuit should reconsider the decision in *Underwater Devices, Inc. v. Morrison-Knudson Co.*, 717 F.2d 1380 (Fed. Cir. 1983) and the duty of care standard itself. ⁴⁴

³⁹ *Ind. Mills & Mfg., Inc. v. Dorel Indus., Inc.*, No. 1:04-cv-01102-LJM-WTL, 2006 U.S. Dist. LEXIS 34023, at **19-20 (S.D. Ind. May 26, 2006) (opinion later withdrawn); see also *Ampex Corp. v. Eastman Kodak Co.*, No. 04-1373-KAJ, 2006 U.S. Dist. LEXIS 48702, at *11 (D. Del. July 17, 2006) (“*EchoStar* did not even address the issue of communications with trial counsel.”).

⁴⁰ *Ind. Mills*, 2006 U.S. Dist. LEXIS 34023, at **19-20.

⁴¹ *Id.* at *20, n.2.

⁴² *Informatica Corp. v. Business Objects Data Integration, Inc.*, 454 F. Supp. 2d 957, 959 (N.D. Cal. 2006) (Larson, Mag. J.); see also *Celerity, Inc. v. Ultra Clean Holdings, Inc.*, 476 F. Supp. 2d 1159, 1164 (N.D. Cal. 2007) (where opinion counsel and trial counsel were attorneys from the same firm who were walled off from each other, the waiver extended to trial counsel as well as opinion counsel); *Iridex Corp. v. Synergetics, Inc.*, No. 4:05CV1916 CDP, 2007 U.S. Dist. LEXIS 7747, at **2-4 (E.D. Mo. Feb. 2, 2007) (waiver applies to trial counsel and defendant must provide discovery regarding opinions of counsel communicated to defendant by trial counsel, except for those given solely to evaluate settlement options); *Computer Assoc. Int'l, Inc. v. Simple.com, Inc.*, No. 02 Civ. 2748 (DRH) (MLO), 2006 U.S. Dist. LEXIS 77077, at **12-14 (E.D.N.Y. Oct. 20, 2006) (waiver applies to trial counsel, although not to “litigation strategy” as opposed to “advice of counsel”); *Beck Sys., Inc. v. ManageSoft Corp.*, No. 05 C 2036, 2006 U.S. Dist. LEXIS 53963, at *16 (N.D. Ill. July 14, 2006) (The district court, although considering the opinion in *Indiana Mills*, concluded that *EchoStar* did not disturb the district court’s earlier decisions holding that the waiver extends to trial counsel, at least in the case of ongoing infringement.).

⁴³ *Id.* at *6.

⁴⁴ *Id.*

⁴⁵ *Id.* at **20-21.

⁴⁶ *Intex Recreation Corp. v. Team Worldwide Corp.*, 439 F. Supp. 2d 46, 52 (D.D.C. 2006).

infringer argued that if the waiver extended to all communications with trial counsel at all times, the patentee would be able to “inquire into counsel’s trial strategies, mental impressions and analysis, thereby piercing the zone of privacy for strategic litigation planning and allowing [the patent owner] to piggyback on [the accused infringer’s trial] preparations.”⁴⁷ While recognizing the language in *EchoStar* regarding temporal scope of the waiver, the district court found that “the Federal Circuit’s limited discussion of the temporal scope of waiver in footnote 4 of its *EchoStar* opinion is not, as [patentee] suggests, dispositive of this dispute.”⁴⁸ The district court held that the accused infringer would have to produce only testimony and documents from trial counsel that “question or contradict in any way the competence or validity of the opinions rendered.”⁴⁹

In *Genentech, Inc. v. Insmid Inc.*, the district court ruled that the waiver of privilege extended to trial counsel, but only to “communications that are central and material to Defendants’ decision to engage in allegedly infringing activity.”⁵⁰ In a carefully-reasoned opinion, the magistrate judge considered both pre- and post-*EchoStar* cases and concluded that “although *EchoStar* does not expressly overrule those cases that decline to extend waiver to trial counsel, the thrust of the case is that a blanket immunity for trial counsel is not appropriate . . . particular solicitude [] must be paid to the policies that favor broad waiver.”⁵¹ The “importance of protecting attorney work product and communication between attorney and client in the heat of litigation should not be lightly disregarded,” and therefore “a more refined balance is warranted.”⁵² After concluding that the approach in *Intex* presents practical problems, the *Genentech* court attempts to draw a distinction between “significant opinions” and “lower level documents and communications” of trial counsel.⁵³ It remains to be seen whether either “middle ground” approach is workable in the context of a typical patent litigation.

2. Does Waiver Extend To All Defenses?

At least one district court has held that the waiver of privilege extends to all defenses, including infringement, invalidity, and unenforceability, regardless of the subject matter of the opinion. In *Intex*, the district court held that the scope of the waiver extended to any “document or opinion that embodies or discusses a communication . . . concerning whether [the patent-in-suit] is valid, enforceable, and infringed.”⁵⁴

Other district courts have held that the waiver of privilege is limited to the subject matter of the opinion. In *Ampex Corp. v. Eastman Kodak Co.*, the district court denied a motion to compel all communications between defendant and its trial counsel bearing on the subject of infringement.⁵⁵ The district court carefully considered the language used in *EchoStar*. Specifically, the district court in *Ampex* explained that where the Federal Circuit stated that privilege was waived for “such communications regarding the same subject matter,” the

use of “such” leads one back to earlier language in that portion of the opinion, in which the court is emphasizing the unfairness of allowing a party to hold back an attorney’s opinion that is inconsistent with a different opinion it chooses to show the world. The modifier “such” thus strongly implies that the type of communications being discussed are opinions expressed in a manner comparable to the opinion that is disclosed, as was apparently the case in *EchoStar* itself.⁵⁶

⁴⁷ *Id.* at 51 (quotations omitted).

⁴⁸ *Id.* at 52.

⁴⁹ *Id.*

⁵⁰ *Genentech, Inc. v. Insmid Inc.*, 442 F. Supp. 2d 838, 847 (N.D. Cal. 2006).

⁵¹ *Id.* at 846.

⁵² *Id.*

⁵³ *Id.* at 847. Although the *Genentech* court had concerns regarding the practical application of the *Intex* standard, the *Genentech* approach may have similar flaws.

⁵⁴ *Intex*, 439 F. Supp. 2d at 50-51; see also *Kimberly-Clark Corp. v. Tyco Healthcare Retail Group*, No. 05-C-985, 2007 U.S. Dist. LEXIS 5974, at **4-5 (E.D. Wis. Jan. 26, 2007) (where privilege is waived as to a non-infringement opinion, the waiver extends to any invalidity or unenforceability opinion as well); *Affinion Net Patents, Inc. v. Maritz, Inc.*, 440 F. Supp. 2d 354, 356 (D. Del. 2006) (“Defendant has asserted advice of counsel as a defense to Plaintiff’s claims of willful infringement, and therefore, Defendant has waived the attorney-client privilege as to all communications relating to non-infringement, invalidity, and unenforceability.”).

⁵⁵ *Ampex Corp. v. Eastman Kodak Co.*, No. 04-1373-KAJ, 2006 U.S. Dist. LEXIS 48702, at *2 (D. Del. July 17, 2006); see also *CCC Info. Servs., Inc. v. Mitchell Int’l, Inc.*, No. 03 C 2695, 2006 U.S. Dist. LEXIS 87255, at **17-18 (N.D. Ill. Dec. 1, 2006) (where privilege was waived as to an opinion on non-infringement, an opinion regarding damages contained in that opinion is not part of the same subject matter, i.e., liability, and is not within the scope of the waiver); *Autobytel, Inc. v. Dealix Corp.*, 455 F. Supp. 2d 569, 575 (E.D. Tex. 2006) (where an advice-of-counsel defense of non-infringement only is asserted, the waiver does not extend to defenses of invalidity and unenforceability).

⁵⁶ *Ampex*, 2006 U.S. Dist. LEXIS 48702, at **8-9 (citation omitted).

The *Ampex* court further reasoned that plaintiff's reading of *EchoStar*, extending the waiver to all communications bearing on the subject of infringement, would "demolish[] the practical significance of the attorney-client privilege, a result obviously at odds with other comments in *EchoStar*."⁵⁷

Similarly, in *Informatica*, the magistrate judge held, without discussion, that the defendant "waives privilege for communications with counsel on the subject of the opinion or advice on which it relies."⁵⁸ This language would appear to reflect a narrower scope than all communications having any bearing on a defense to infringement. In affirming the magistrate's discovery order, the district court judge emphasized that the waiver did not extend to "trial strategy concerning validity, infringement, and enforcement in ways that do not implicate the advice-of-counsel defense" and the defendant need only disclose "opinions or advice that address the subject matter of the opinion."⁵⁹

While the Federal Circuit in *EchoStar* attempted to provide guidance on the scope of the waiver of attorney-client privilege and attorney work product immunity, in just the few months since that decision, it appears any guidance was minimal at best.

C. Loss Of Effective Representation

The quandary facing defendants after *Knorr-Bremse* and *EchoStar* is so fraught with uncertainty that it could be argued to essentially deprive the defendant of effective representation. Defendants must choose whether to waive privilege with virtually no information regarding any potential liability determination and less than definitive information regarding the scope of any waiver. The risk that all communications with trial counsel could fall within the scope of a waiver raises the possibility that defendants will simply stop communicating with trial counsel, an undesirable result from a public policy standpoint.

Defendants are often forced to choose whether to waive privilege before a determination of liability. Thus, a defendant may choose to waive privilege in order to defend against a willfulness charge related to a patent that will ultimately be found not infringed or invalid. This "wasted" waiver helps no one – if nothing else, both parties have expended resources to conduct discovery regarding the advice of counsel. In the opposite situation, a defendant may choose not to waive, believing it has a strong case on liability. If the defendant then loses on liability, the defendant risks a willfulness finding as well, even if the defendant has obtained a competent opinion of counsel upon which it reasonably relied.

Where the defendant is forced to make a waiver decision without the benefit of a liability determination, and where, as discussed above, the scope of the waiver arguably may be so broad as to encompass nearly all communications between the defendant and trial counsel, the defendant and trial counsel may avoid communicating. Willfulness jurisprudence has been criticized for providing an incentive for companies to remain ignorant of competitors' patents.⁶⁰ Similarly, the Federal Circuit's opinions in *Knorr-Bremse* and *EchoStar* may provide an incentive for a defendant to avoid communicating with its attorneys. If attorney and client cannot engage in "full and frank communication,"⁶¹ then the client is deprived of effective representation.

Allowing a party effective representation, particularly in a complex case such as a patent case, is good public policy:

Fully informed lawyers participating in the legal system as officers of the court sharpen the adversary process, thus improving the quality of judicial decision-making and the development of the law. By encouraging individuals to consult lawyers and disclose to them candidly and fully, the attorney-client privilege also

⁵⁷ *Id.* at *10.

⁵⁸ *Informatica Corp. v. Bus. Objects Data Integration, Inc.*, 454 F. Supp. 2d 957, 965 (N.D. Cal. 2006) (Larson, Mag. J.).

⁵⁹ *Informatica Corp. v. Bus. Objects Data Integration, Inc.*, No. C 02-3378 JSW, 2006 U.S. Dist. LEXIS 58976, at *8 (N.D. Cal. Aug. 9, 2006) (White, J.).

⁶⁰ See, e.g., Harold A. Borland, *The Affirmative Duty to Exercise Due Care in Willful Patent Infringement: We Still Want It*, 6 Hous. Bus. & Tax L.J. 176, 186 (2005); Lemley & Tangri, *supra* note 37, at 1100; see also *Knorr-Bremse Systeme Fuer Nutzfahrzeuge GmbH v. Dana Corp.*, 383 F.3d 1337, 1351 (Fed. Cir. 2004) (en banc) (Dyk, J., dissenting-in-part).

⁶¹ *Knorr-Bremse*, 383 F.3d at 1344 (citing *Upjohn Co. v. United States*, 449 U.S. 383, 389 (1981)).

allows the nation's legal profession to help individuals understand their legal obligations and facilitate their voluntary compliance with them. Such voluntary compliance is particularly important to a free society which neither has nor should want sufficient law enforcement resources to search out and punish every violation of every law.⁶²

Patent cases are generally complex, and attorneys are particularly valuable in assisting their clients in understanding their obligations under the law.

In addition, encouraging full and free communication between attorney and client make settlement more likely, since the parties will have a more accurate understanding of the merits of their relative positions and how those positions fit into the legal framework. The current state of Federal Circuit jurisprudence, however, may erode a defendant's ability to obtain effective representation and its corresponding societal advantages.

II. CONGRESS' PROPOSAL

The flaws in willfulness litigation have not gone unnoticed by Congress. Two currently-identical bills pending in the House and the Senate, known as the Patent Reform Act of 2007, address many of these flaws.⁶³ Although neither bill may become law during the current 110th Congress, the fact that both bills willfulness provisions are similar to those in earlier proposed patent legislation is an encouraging sign that a comparable provision may eventually be enacted as law.⁶⁴

The Patent Act of 2005, pending in the House of Representatives during the 109th Congress, would have amended the law relating to willfulness in several respects.⁶⁵ First, the Patent Act of 2005 would have altered the affirmative duty of due care, and instead set forth certain actions taken by an infringer that may result in a finding of willfulness.⁶⁶ Second, it would have codified the decision in *Knorr-Bremse* abolishing the adverse inference where a defendant does not present evidence of advice of counsel.⁶⁷ Third, the Patent Act of 2005 would have prevented a plaintiff from even pleading willfulness until after a determination of liability: "A patentee may not plead, and a court may not determine, that an infringer has willfully infringed a patent before the date on which a determination has been made that the patent in suit is not invalid, is enforceable, and has been infringed by the infringer."⁶⁸

The Patent Reform Act of 2006, pending in the Senate during the 109th Congress and introduced by Senators Hatch and Leahy, would have amended the law relating to willfulness in much the same way as the Patent Act of 2005.⁶⁹ The Patent Reform Act of 2006 would have also altered the affirmative duty of due care, and set forth the same actions by an infringer that may result in a finding of willfulness as does the Patent Act of 2005.⁷⁰ It also codified the decision in *Knorr-Bremse* abolishing the adverse inference where a defendant does not present evidence of advice of counsel.⁷¹ Finally, the Patent Reform Act of 2006, like the Patent Act of 2005, would have prevented a plaintiff from pleading willfulness until after a determination of liability.⁷²

In one important respect, the Patent Reform Act of 2006 differed from the Patent Act of 2005. The Patent Reform Act of 2006 would have made a willfulness determination a question to be determined by the court: "The court's determination of an infringer's willfulness shall be made without a jury."⁷³

62 *In re Scaled Case*, 124 F.3d 230, 237 (D.C. Cir. 1997) (Tatel, J., dissenting); see also *Upjohn*, 449 U.S. at 389.

63 Neither proposed law addresses the scope of the waiver of attorney-client privilege and attorney work product should a defendant choose to rely on the advice of counsel.

64 See S. 3818, 109th Cong. Section 5(b) (2006); H.R. 2795, 109th Cong. Section 6(b) (2005).

65 H.R. 2795, 109th Cong. Section 6(b) (2005).

66 *Id.* at Section 6(b)(2).

67 *Id.* at Section 6(b)(3)(C).

68 *Id.* at Section 6(b)(4).

69 See S. 3818, 109th Cong. Section 5(b) (2006).

70 See *id.* at Sections 5(b)(2), 5(b)(3).

71 *Id.* at Section 5(b)(4)(C).

72 *Id.* at Section 5(b)(5).

73 *Id.*

The Patent Reform Act of 2007, pending in the Senate and the House of Representatives, is similar to both the Patent Act of 2005 and the Patent Reform Act of 2006.⁷⁴ First, the Patent Reform Act of 2007 alters the affirmative duty of due care, and instead sets forth certain actions taken by an infringer that may result in a finding of willfulness.⁷⁵ Second, it codifies the decision in *Knorr-Bremse* abolishing the adverse inference where a defendant does not present evidence of advice of counsel.⁷⁶ Third, the Patent Reform Act of 2007 would prevent a plaintiff from even pleading willfulness until after a determination of liability: "Before the date on which a court determines that the patent in suit is not invalid, is enforceable, and has been infringed by the infringer, a patentee may not plead and a court may not determine that an infringer has willfully infringed a patent."⁷⁷ Finally, the Patent Reform Act of 2007 would also make a willfulness determination a question for the court: "The court's determination of an infringer's willfulness shall be made without a jury."⁷⁸

Congress may not enact the Patent Reform Act of 2007 during this session, or in its current form. The pending bill is a strong sign, however, that any future revision to be patent statute will include changes to willfulness law similar to those in the Patent Act of 2005, the Patent Reform Act of 2006, and the Patent Reform Act of 2007. Congress appears to recognize the flaws with willfulness law, and has proposed legislation that addresses those flaws.

III. PROPOSED SOLUTIONS

It is unclear when, if ever, Congress will enact revisions to the patent statute, and whether the Federal Circuit's pending decision in *In re Seagate* will settle the numerous questions surrounding willfulness. There are, however, at least two ways that courts (both district courts and the Federal Circuit) can solve many of the problems presented by willfulness law after the Federal Circuit decisions in *Knorr-Bremse* and *EchoStar*. First, district courts could bifurcate trial on the willfulness issue and delay the defendant's decision on waiver and discovery on the issue of the advice of counsel until after a liability determination. Second, the Federal Circuit could reconsider its precedent and, as suggested in the Patent Reform Act of 2007, make willfulness, like inequitable conduct, a question for the court. While these solutions are not revolutionary,⁷⁹ they are particularly appropriate in light of the Federal Circuit's recent decisions and the proposed legislation. This paper adds to the growing chorus of dissatisfaction with willfulness law.

A. Bifurcation

District courts should bifurcate trial on the issue of willfulness and allow defendants to decide whether to rely on the advice of counsel after a determination of liability. Rule 42(b) of the Federal Rules of Civil Procedure authorizes the district court to order a separate trial of any claim or issue "in furtherance of convenience or to avoid prejudice, or when separate trials will be conducive to expedition and economy."⁸⁰ The district could, but need not, bifurcate discovery regarding willfulness factors other than the advice of counsel.

The Federal Circuit has favorably commented on such a bifurcation approach. In *Quantum Corp. v. Tandon Corp.*, the Federal Circuit recognized the difficult choice facing a defendant charged with willfulness and suggested bifurcation of the issue of willfulness as a potential solution:

Trial courts thus should give serious consideration to a separate trial on willfulness whenever the particular attorney-client communications, once inspected by the court *in camera*, reveal that the defendant is indeed confronted with this dilemma. While our court has recognized that refusal of a separate trial will not require

⁷⁴ See S. 1145, 110th Cong. Section 5(b) (2007); H.R. 1908, 110th Cong. Section 5(b) (2007).

⁷⁵ S. 1145, 110th Cong. Section 5(b)(2) (2007); H.R. 1908, 110th Cong. Section 5(b)(2) (2007).

⁷⁶ S. 1145, 110th Cong. Section 5(b)(3)(C) (2007); H.R. 1908, 110th Cong. Section 5(b)(3)(C) (2007).

⁷⁷ S. 1145, 110th Cong. Section 5(b)(4) (2007); H.R. 1908, 110th Cong. Section 5(b)(4) (2007).

⁷⁸ S. 1145, 110th Cong. Section 5(b)(4) (2007); H.R. 1908, 110th Cong. Section 5(b)(4) (2007).

⁷⁹ See, e.g., Taylor, *supra* note 37, at 346-48 (discussing bifurcation as a potential solution to the traditional defendant's dilemma); Lee & Cogswell, *supra* note 37, at 456-57 (same); John B. Pegram, *The Willful Patent Infringement Dilemma and the 7th Amendment*, 86 J. PAT. & TRADEMARK OFF. SOC'Y 271 (2004) (suggesting that willfulness should be a question for the court); Ira V. Heffan, *Willful Patent Infringement*, 7 FED. CIR. B.J. 115, 150-53 (1997) (suggesting both bifurcation and that willfulness should be a question for the court); Allan M. Littman, *The Jury's Role in Determining Key Issues in Patent Cases: Markman, Hilton Davis and Beyond*, 37 IDEA 207 (1997) (suggesting willfulness should be determined by the court).

⁸⁰ FED. R. CIV. P. 42(b).

reversal in every case involving attorney client communications bearing on willfulness, we have suggested the advisability of separate trials in appropriate cases.⁸¹

A number of district courts have already followed the approach laid out in dicta by the Federal Circuit in *Quantum*, including the Central District of California,⁸² the Northern District of Illinois,⁸³ the Eastern District of Michigan,⁸⁴ District of New Jersey,⁸⁵ and the Eastern District of Pennsylvania.⁸⁶ Despite favorable commentary by the Federal Circuit and adoption by some district courts, this procedure is not yet widespread.

This proposal has the significant advantage that in many cases, the defendant will never need to channel resources into making the complex decision on whether to rely on the advice of counsel defense and waive privilege. In a substantial percentage of infringement suits, the defendant is found to have no liability, either because the patent(s)-in-suit are invalid or not infringed. The district court in *Pfizer Inc. v. Novopharm Ltd.* noted that “[b]ifurcation could be highly efficient, in that a verdict of no liability for infringement would render discovery and trial on the willfulness issue unnecessary.”⁸⁷ Although there might be some inefficiencies involved in either bringing back the same jury to hear the willfulness case or in impaneling a second jury, those inefficiencies would likely be outweighed by the number of times the willfulness case could be avoided altogether.

Additionally, this proposal has the advantage that attorney-client opinion evidence related to willfulness will not be able to influence the liability determination. Although impossible to measure, it is easy to imagine that a jury’s liability determination could be colored by exposure to evidence relating to a defendant’s first knowledge of a patent and subsequent failure to obtain an opinion.

Bifurcating willfulness for the purposes of trial and postponing the defendant’s decision until a determination of liability is a procedural step that district courts can take now. This step can be taken without further input from the Federal Circuit or Congress, and addresses many of the flaws with willfulness law.

B. Willfulness Should Be An Issue For The Court

As suggested in the Patent Reform Act of 2007, discussed above, willfulness should be a question for the courts. Although the law is that “[w]illfulness of behavior is a classical jury question of intent,”⁸⁸ there are several good reasons for the Federal Circuit to reconsider this precedent.⁸⁹

First, the Federal Circuit should reconsider its position because the court and not the jury already determines whether infringement is willful for practical purposes. The consequence of a finding of willful infringement is the possibility of financial penalty via enhanced damages and the imposition of attorneys’ fees.⁹⁰ Yet it is the court, not a jury, who decides whether damages will be enhanced and whether or not attorneys’ fees will be awarded.⁹¹ Moreover, when determining whether damages will be enhanced, the district court considers the same *Read* factors that a jury considers in determining willfulness.⁹²

81 See *Quantum Corp. v. Tandon Corp.*, 940 F.2d 642, 644 (Fed. Cir. 1991).

82 See *Yamaha Hatsudoki Kabushiki Kaisha v. Bombardier Inc.*, 59 U.S.P.Q.2d (BNA) 1088 (C.D. Cal. 2001).

83 See *Pfizer Inc. v. Novopharm Ltd.*, 57 U.S.P.Q.2d (BNA) 1442 (N.D. Ill. 2000) (granting motion for bifurcation for reasons of efficiency).

84 See *Patent Holding Co. v. TG (USA) Corp.*, 46 U.S.P.Q.2d (BNA) 1566 (E.D. Mich. 1998) (recognizing potential for Quantum dilemma and deciding to review documents *in camera* before final determination).

85 See *Princeton Biochemicals, Inc. v. Beckman Instruments, Inc.*, 180 F.R.D. 254 (D.N.J. 1997).

86 See *B. Braun Med., Inc. v. Abbott Labs.*, 32 U.S.P.Q.2d (BNA) 1211 (E.D. Pa. 1994).

87 *Pfizer*, 57 U.S.P.Q.2d (BNA) at 1444.

88 *Richardson v. Suzuki Motor Co.*, 868 F.2d 1226, 1250 (Fed. Cir. 1989) (superseded in other part by California statute); see also *Biotec Biologische Naturverpackungen GmbH & Co. v. Biocorp, Inc.*, 249 F.3d 1341, 1356 (Fed. Cir. 2001); *SRI Int'l, Inc. v. Adv. Tech. Labs., Inc.*, 127 F.3d 1462, 1465 (Fed. Cir. 1997); *Nat'l Presto Indus., Inc. v. W. Bend Co.*, 76 F.3d 1185, 1192-93 (Fed. Cir. 1996); *Pall Corp. v. Micron Separations, Inc.*, 66 F.3d 1211, 1221 (Fed. Cir. 1995).

89 Commentators disagree as to whether making willfulness a question for the court would violate the right to a jury trial in the Seventh Amendment to the United States Constitution. See, e.g., DONALD S. CHISUM, CHISUM ON PATENTS Section 20.03[4][b][viii] (1999); Heffan, *supra* note 79, at 151-53; Pegram, *supra* note 79; Alan N. Herda, Comment, *Willful Patent Infringement and the Right to a Jury Trial*, 9 TEX. WESLEYAN L. REV. 181 (2003); 7 Louis L. Wu, Comment, *Enhanced Damages for Willful Patent Infringement—An Issue for Judge or Jury?*, 33 U.S.F.L. REV. 435 (1999). In any event, the Federal Circuit has thus far avoided the question of whether the Seventh Amendment includes a right to a jury trial on willfulness. See *Transmatic, Inc. v. Gulton Indus., Inc.*, 53 F.3d 1270, 1279 (Fed. Cir. 1995).

90 There may be some consequences to a defendant’s reputation from being found to have infringed willfully rather than merely infringed, but these consequences are neither certain nor ascertainable.

91 See 35 U.S.C. Sections 284, 285.

92 *Knorr-Bremse Systeme Fuer Nutzfahrzeuge GmbH v. Dana Corp.*, 383 F.3d 1337, 1342-43 (Fed. Cir. 2004) (en banc).

Because the court ultimately determines whether there will be any cost resulting from willful infringement, the court is already effectively determining whether infringement has been willful – if a defendant is found to infringe willfully but not subject to enhanced damages or attorneys' fees, the jury's determination is virtually meaningless. Numerous Federal Circuit decisions affirm district courts that, despite jury findings of willfulness, do not enhance damages by any amount.⁹³ Insisting that willfulness is a question for the jury rather than a question for the court when the court has the sole ability to impose any consequence (or no consequence at all) seems illogical. Reconsidering Federal Circuit precedent on this issue would merely bring jurisprudence in line with reality, an admirable goal whenever possible.

Second, the Federal Circuit should reconsider its position because making willfulness a question of equity for the court would alleviate the defendant's punitive dilemma regarding the advice of counsel defense and the waiver of attorney-client privilege. Because willfulness would not be tried to a jury, there would be few, if any, inefficiencies in allowing the defendant to wait until a liability determination to choose whether to rely on the advice of counsel and waive privilege. Limited discovery could then be conducted regarding the advice of counsel, and the willfulness issue tried to the court. In addition, the court would presumably be better able than a jury to refrain from drawing adverse inferences should no opinion be presented.

While continuing to maintain that willfulness is a question for the jury, the Federal Circuit recognizes the equitable nature of the willfulness analysis. In *SRI International, Inc. v. Advanced Technology Laboratories, Inc.*, the Federal Circuit, while ultimately holding that willfulness is a question of fact for the jury, also recognized that “the remedy of enhancement of damages not only serves its primary punitive/deterrent role, but in so doing it has the secondary benefit of quantifying the equities as between patentee and infringer.”⁹⁴ Similarly, in *National Presto Indus., Inc. v. West Bend Co.*, the Federal Circuit noted that “fairness as between patentee and infringer is a consideration in the determination of whether illegal behavior warrants an enhanced penalty,” but went on to insist that “the question does not thereby become ‘equitable.’”⁹⁵

Courts, including the Federal Circuit, are also already experienced at analyzing equitable issues, including questions of intent, in patent cases. Inequitable conduct is an equitable question for the court.⁹⁶ A determination of inequitable conduct requires considering such fact issues as whether the patentee intended to deceive the United States Patent and Trademark Office.⁹⁷

While reconsidering whether willfulness should be an issue of equity for the court sounds like a substantial change in the law, its transitional effects would be minimal since the court in effect already determines willfulness. In addition, trying the issue of willfulness to a court rather than a jury would allow a defendant to make a more informed decision regarding whether to rely on the advice of counsel defense.

IV. CONCLUSION

A defendant should not wield the attorney-client privilege as both a sword and shield. In the same vein, a patentee should not use a willfulness charge to deprive a defendant of effective representation, leaving the defendant both unarmed and defenseless.

Disentangling the “satellite litigation” of willfulness allegations from the meat of a patent suit, either through statute, bifurcation, or recognizing that willfulness should be an issue for the court to decide, addresses the continuing flaws in willfulness law in the wake of *Knorr-Bremse* and *EchoStar*.

⁹³ See, e.g., *Transclean Corp. v. Bridgewood Servs., Inc.*, 290 F.3d 1364 (Fed. Cir. 2002), *Electro Scientific Indus., Inc. v. Gen. Scanning, Inc.*, 247 F.3d 1341 (Fed. Cir. 2001); *Odetics, Inc. v. Storage Tech. Corp.*, 185 F.3d 1259 (Fed. Cir. 1999); *Cybar Corp. v. FAS Techs., Inc.*, 138 F.3d 1448 (Fed. Cir. 1998) (en banc); *Laitram Corp. v. NEC Corp.*, 115 F.3d 947 (Fed. Cir. 1997); *Delta-X Corp. v. Baker Hughes Prod. Tools, Inc.*, 984 F.2d 410 (Fed. Cir. 1993); *Brooktree Corp. v. Adv. Micro Devices, Inc.*, 977 F.2d 1555 (Fed. Cir. 1992); *Modine Mfg. Co. v. Allen Group, Inc.*, 917 F.2d 538 (Fed. Cir. 1990).

⁹⁴ *SRI Int'l, Inc. v. Adv. Tech. Labs., Inc.*, 127 F.3d 1462, 1468 (Fed. Cir. 1997).

⁹⁵ *Nat'l Presto Indus., Inc. v. W. Bend Co.*, 76 F.3d 1185, 1193 (Fed. Cir. 1996).

⁹⁶ *Kingsdown Med. Consultants, Ltd. v. Hollister Inc.*, 863 F.2d 867, 876 (Fed. Cir. 1988) (with en banc “Resolution of Conflicting Precedent”) (citing *Garco Mfg. Inc. v. Herst Lighting Co.*, 820 F.2d 1209, 1212 (Fed. Cir. 1987)).

⁹⁷ See, e.g., *Molins PLC v. Textron, Inc.*, 48 F.3d 1172, 1178 (Fed. Cir. 1995).