

*The New Standard for  
Willful infringement  
after In Re SEAGATE*



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**The Issue:**

**When is infringement willful?**

**Why do we care?**

**Because a willful infringer may  
have to pay increased damages**

# L'augmentation des dommages-intérêts

★ lorsque la **contrefaçon** est volontaire, les dommages-intérêts peuvent être augmentés jusqu'au triple de leur montant



**Total  
à payer**

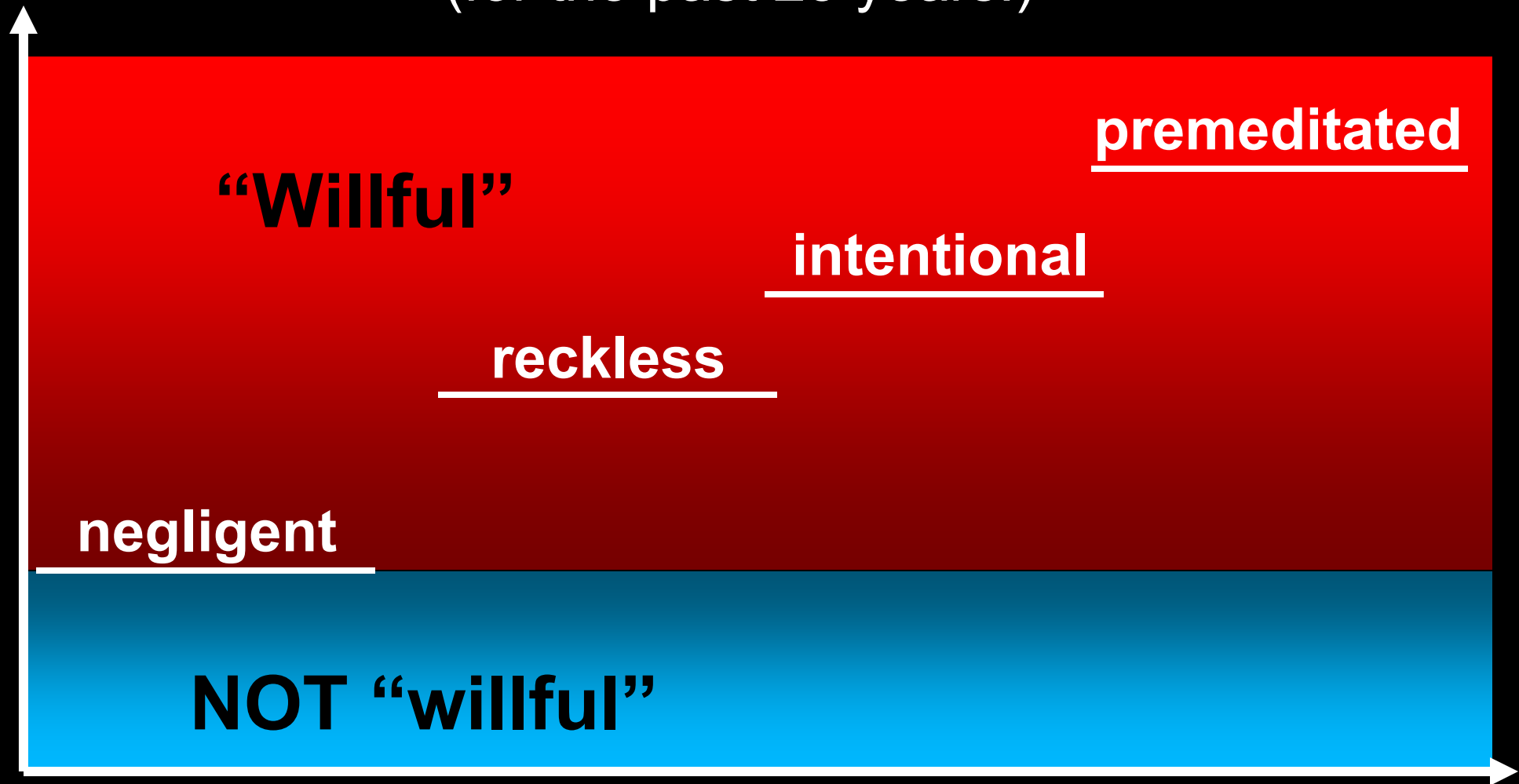
↓  
**Dommages/  
intérêts**

**X 1 .. 2 .. 3 =**



**+ atty fees**

# The pre-Seagate standard: **Negligence** (for the past 25 years!)



*Underwater Devices Inc. v. Morrison-Knudsen Co (CAFC, 1983)*

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# The pre-Seagate standard

- ★ Did the infringer have a *reasonable basis* for believing that it had a right to do what it did?
- ★ This was a *subjective* standard: based on the intent or state of mind of the infringer
- ★ *Opinion of counsel* = reasonable basis

# The new Seagate Standard

## ★ TWO PART TEST:

✦ 1. Objective: state of mind is *irrelevant*

✦ 2. Subjective: State of mind (prior to lawsuit) is *relevant*

# The *objective* part of the Seagate test

- ★ 1. *Objective*: state of mind is *irrelevant*
  - ✦ “[T]o establish willful infringement, a patentee must show by *clear and convincing* evidence that the infringer acted despite *an objectively high likelihood* that its actions constituted infringement of a valid patent.”



# The *objective* part of the Seagate test

## ★ Factors to consider:

✦ Likelihood of infringement: Degree of similarity between patented and accused devices

➤ High degree of similarity:

**Favors willfulness**

➤ Requires doctrine of equivalents:

**Favors non-willfulness**

✦ Likelihood of validity: Degree of closeness of the prior art

➤ Novelty defeating references/events:

**Favors non-willfulness**

➤ Requires obviousness analysis

**Favors willfulness**

# The *objective* part of the Seagate test Can be evidenced by ...

- ★ Denial of a preliminary injunction
- ★ Summary judgment decisions
- ★ Expert & fact witnesses testimonies
- ★ Non-infringement and/or invalidity opinion of counsel
- ★ USPTO's position on prior art

Favors  
non-willfulness

Favors  
non-willfulness

# The *subjective* part of the Seagate test

★ 2. *Subjective*: State of mind (prior to lawsuit) is *relevant*

✦ “If this threshold objective standard is satisfied, the patentee must also demonstrate that this objectively-defined risk was *either known or* so obvious that it *should have been known* to the accused infringer.”

# Factors to consider for the *subjective* part of the Seagate test

- ★ Infringer obtained and *relied upon an opinion of counsel* prior to initiation of the lawsuit
- ★ Infringer attempted to design around patent
- ★ Evidence of an honest disagreement between the parties regarding infringement or invalidity

Favors  
Non-  
willfulness

- ★ Infringer copied the patentee's marked product
- ★ Infringer continued infringement after being noticed by patentee
- ★ Infringer attempted to obtain a license
- ★ Infringer admitted infringement

Favors  
willfulness

# The *new* Seagate standard: Recklessness



*In re Seagate (CAFC, 2007)*

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## **Conclusion:**

**It is now harder for patentees to prove that infringement was willful, and to obtain increased damages**

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# The Seagate CAFC decision

- ★ The CAFC turns to Supreme Court decisions
  - ✦ Reaction to the eBay, KSR, Medimmune and Microsoft decisions that criticized the CAFC for ignoring Supreme Court precedents
- ★ Focuses on cases addressing punitive damages
- ★ Overturns its own jurisprudence and adopts a new standard for willfulness ...