

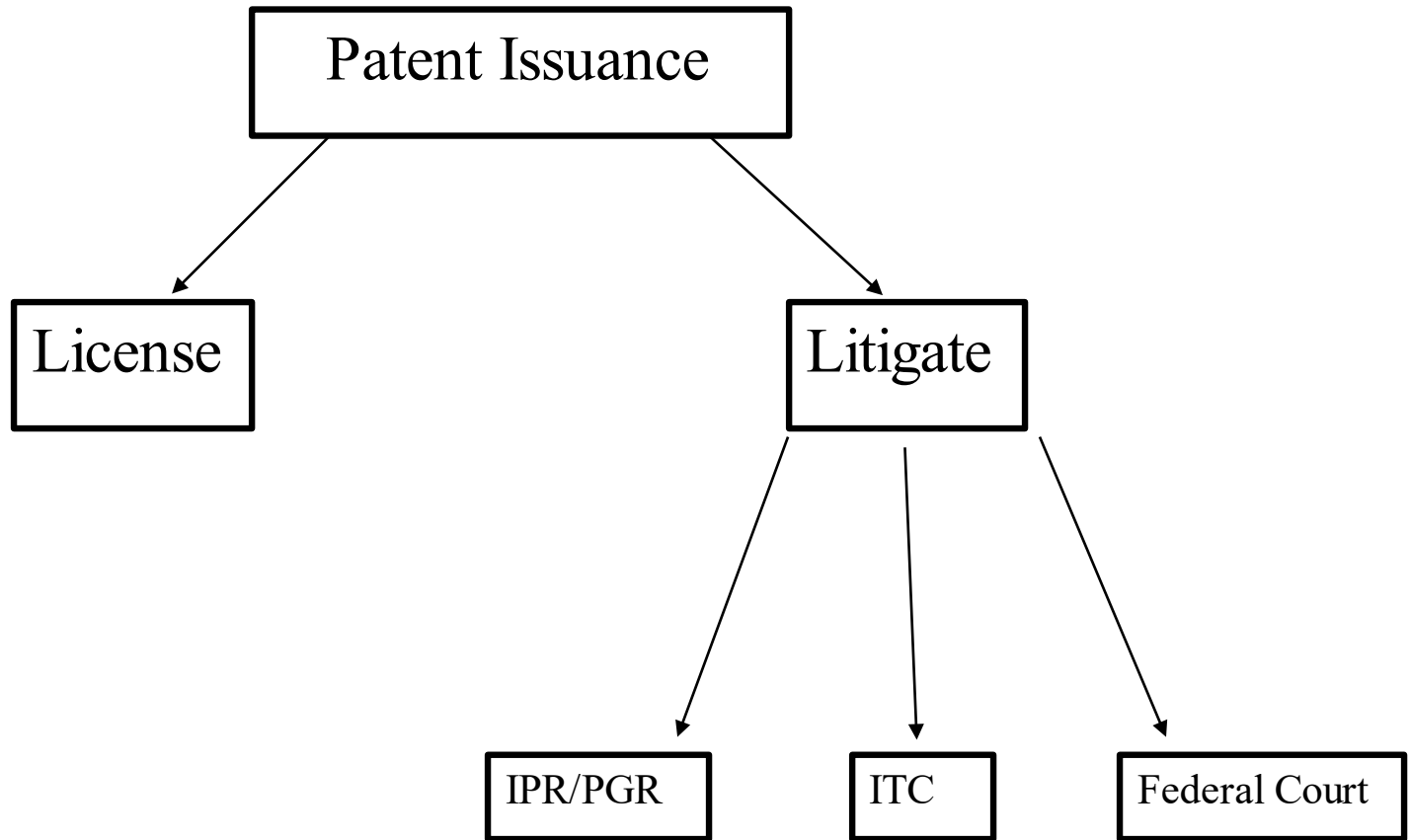
STATUTORY PROVISIONS GOVERNING PATENT INFRINGEMENT -- A PRACTICAL ANALYSIS

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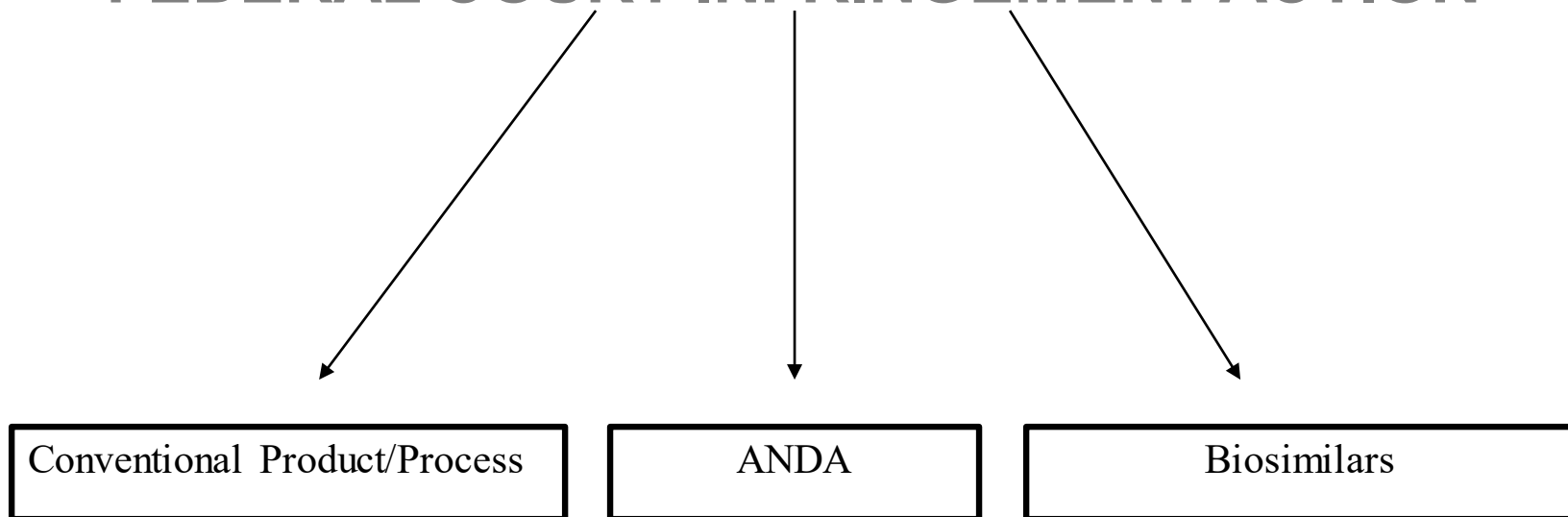


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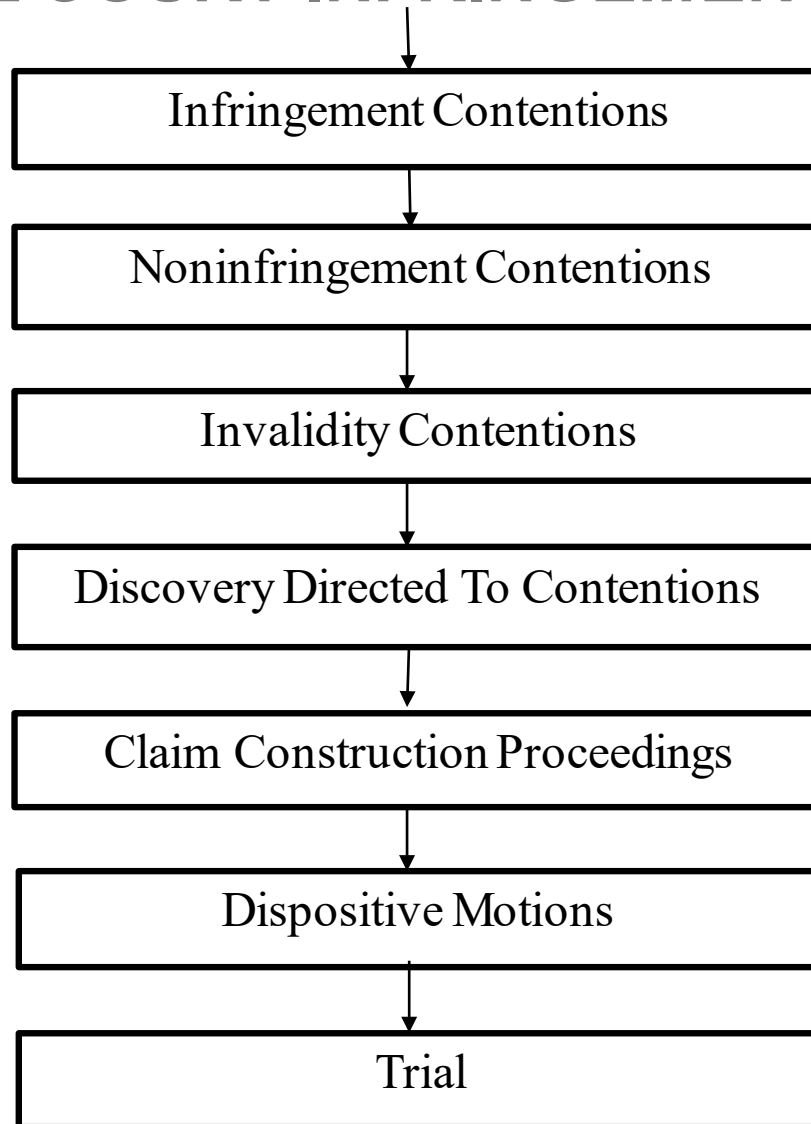
PATENT INFRINGEMENT DISPUTE FLOW CHART



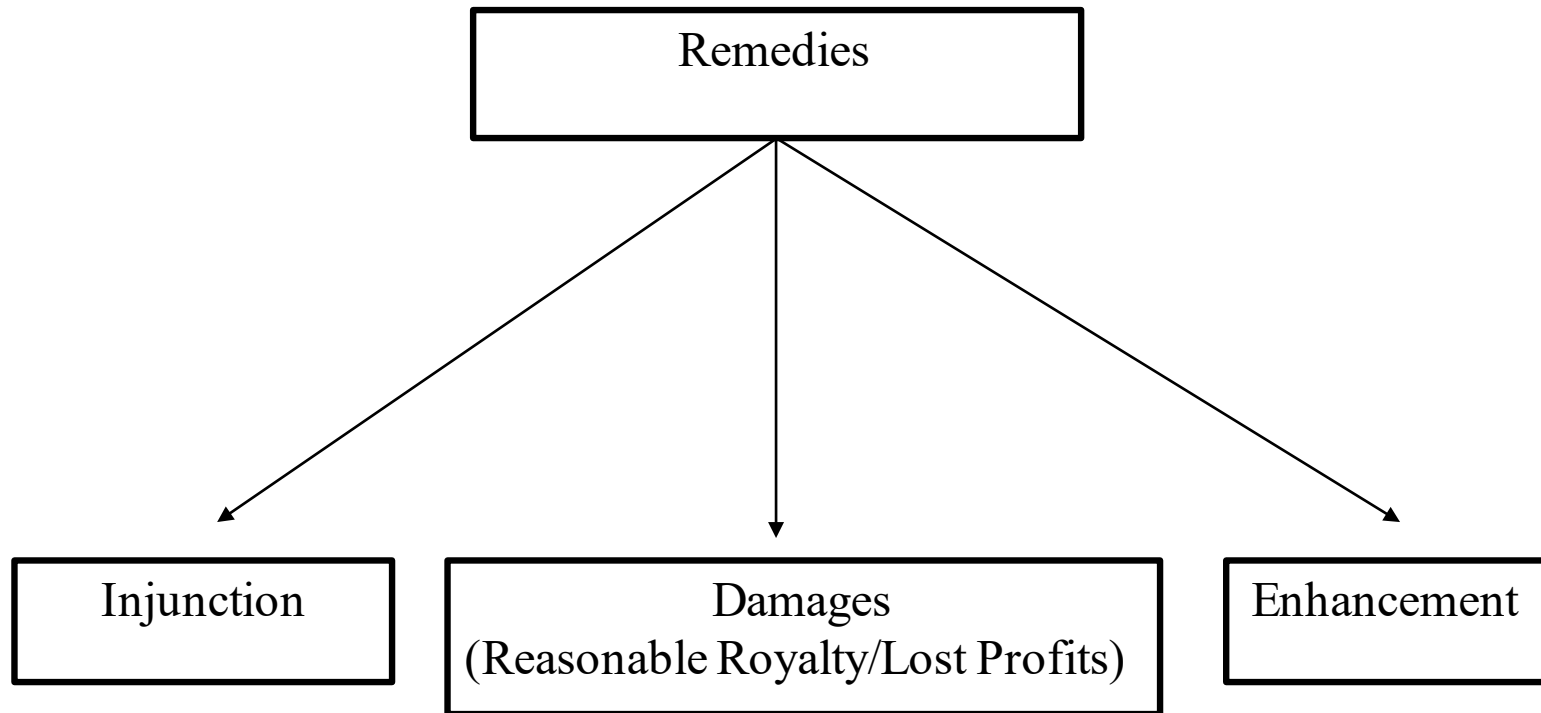
FEDERAL COURT INFRINGEMENT ACTION



FEDERAL COURT INFRINGEMENT ACTION



FEDERAL COURT INFRINGEMENT ACTION



INFRINGEMENT STATUTE SHORTHAND

- (a) Infringement generally
- (b) Active inducement
- (c) Contributory infringement
- (d) Limitations on anti-competition defenses
- (e) Safe harbor provisions
- (f) Indirect infringement through supply/assembly of components abroad
- (g) Product by process importation considerations
- (h) Infringement by a state actor
- (i) Timing of infringing offers for sale.

35 U.S.C. § 271: INFRINGEMENT OF A PATENT

- ▼ (a) Except as otherwise provided in this title, whoever without authority makes, uses, offers to sell, or sells any patented invention, within the United States, or imports into the United States any patented invention during the term of the patent therefor, infringes the patent.

FEDERAL CIRCUIT BAR ASSOCIATION MODEL PATENT JURY INSTRUCTIONS

▼ 3.1 Infringement Generally

In this case, there are five possible ways that a claim may be infringed. The five types of infringement are called: **(1) *direct infringement*; (2) *active inducement*; (3) *contributory infringement*; (4) *infringement through the supply of components from the United States to another country*; and (5) *infringement through importation of a product made abroad by a patented process*. *Active inducement and contributory infringement are referred to as indirect infringement. There cannot be indirect infringement without someone else engaging in direct infringement.*** In this case, [patent holder] has alleged that [alleged infringer] directly infringes the [] patent. [[In addition,] [patent holder] has alleged that [alleged direct infringer] directly infringes the [] patent, and [alleged infringer] is liable for [actively inducing or contributing to] that direct infringement by [alleged direct infringer].

FEDERAL CIRCUIT BAR ASSOCIATION MODEL PATENT JURY INSTRUCTIONS

Subsection 3.1, cont'd

[Patent holder] has also alleged that [alleged infringer] is liable for [infringement through the supply of components from the United States for combination outside of the United States] [and/or] [infringement through importation into the United States of a product made by the patented process].]

In order to prove infringement, [patent holder] must prove that the requirements for one or more of these types of infringement are met by a ***preponderance of the evidence***, that is, that it is more likely than not that all of the requirements of one or more of each of these types of infringement have been proved.

FEDERAL CIRCUIT BAR ASSOCIATION MODEL PATENT JURY INSTRUCTIONS

▼ 3.1a Direct Infringement By “Literal Infringement”

There are two types of “direct infringement”: (1) ***“literal infringement”*** and (2) ***“infringement under the doctrine of equivalents.”*** In order to prove direct infringement by literal infringement, [patent holder] must prove by a preponderance of the evidence, i.e., that it is more likely than not, that [alleged infringer] made, used, sold, offered for sale within, or imported into the United States a [product or process] that meets all of the requirements of a claim and did so without the permission of [patent holder] during the time the [] patent was in force. You must compare the [product or process] with each and every one of the requirements of a claim to determine whether all of the requirements of that claim are met. ***You must determine, separately for each asserted claim, whether or not there is infringement. For dependent claims, if you find that a claim to which a dependent claim refers is not infringed, there cannot be***

FEDERAL CIRCUIT BAR ASSOCIATION MODEL PATENT JURY INSTRUCTIONS

Subsection 3.1a, cont'd

infringement of that dependent claim. On the other hand, if you find that an independent claim has been infringed, you must still decide, separately, whether the [product or process] meets the additional requirement(s) of any claims that depend from the independent claim to determine whether those dependent claims have also been infringed. A dependent claim includes all the requirements of any of the claims to which it refers plus additional requirement(s) of its own.

FEDERAL CIRCUIT BAR ASSOCIATION MODEL PATENT JURY INSTRUCTIONS

▼ 3.1c Direct Infringement Under The Doctrine Of Equivalents

If a [person] [company] makes, uses, sells, offers to sell within, or imports into the United States a [product] [process] that does not literally meet all of the elements of a claim and thus does not literally infringe that claim, there can still be direct infringement if that [product or process] satisfies that claim elements “under the doctrine of equivalents.”

Under the doctrine of equivalents, a [product or process] infringes a claim if the accused [product or process] [contains elements or performs steps] that literally meet or are equivalent to each and every element of the claim.

You may find that an element or step is equivalent to an element of a claim that is not met literally if a person having ordinary skill in the field of technology of the patent would have considered the differences between them to be “insubstantial” or would have found

FEDERAL CIRCUIT BAR ASSOCIATION MODEL PATENT JURY INSTRUCTIONS

Subsection 3.1c, cont'd

that the [structure or action]: (1) performs substantially the same function and (2) works in substantially the same way (3) to achieve substantially the same result as the element of the claim. In order to prove infringement by “equivalents,” [patent holder] must prove the equivalency of the [structure or action] to the claim element by a preponderance of the evidence. Thus, each element of a claim must be met by the [accused product or process] either literally or under the doctrine of equivalents for you to find infringement.

Known interchangeability of the claim element and the proposed equivalent is a factor that can support a finding of infringement under the doctrine of equivalents. In order for the [structure or action] to be considered interchangeable, the [claim element] must have been known at the time of the alleged infringement to a person having ordinary skill in the field of technology of the patent. ***Interchangeability at the present time is not sufficient.***

35 U.S.C. § 271: INFRINGEMENT OF A PATENT

- ▼ (b) Whoever actively induces infringement of a patent shall be liable as an infringer.

FEDERAL CIRCUIT BAR ASSOCIATION MODEL PATENT JURY INSTRUCTIONS

▼ 3.2 Indirect Infringement – Active Inducement

[Alleged infringer] is liable for active inducement of a claim only if [patent holder] proves by a preponderance of the evidence: (1) that the acts are actually carried out by [insert name or other description of alleged direct infringer] directly infringe that claim; (2) ***that [alleged infringer] took action during the time the [] patent was in force that was intended to cause and led to the infringing acts by [insert name or other description of alleged direct infringer]; and (3) that [alleged infringer] was aware of the [] patent and knew that the acts, if taken, would constitute infringement of that patent. [addition to the end of (3) above when willful blindness concerning the [] patent's existence is at issue:] or that [alleged infringer] believed there was a high probability that the acts by [insert name or other description of alleged direct infringer] would infringe a patent [by patent holder] and***

FEDERAL CIRCUIT BAR ASSOCIATION MODEL PATENT JURY INSTRUCTIONS

Subsection 3.2, cont'd

[alleged infringer] took deliberate steps to avoid learning of that infringement. [alternative addition to the end of (3) above when knowledge of the patent is undisputed but willful blindness concerning infringement of that patent is at issue:] or that [alleged infringer] believed there was a high probability that the acts by [insert name or other description of alleged direct infringer] infringed the [] patent and took deliberate steps to avoid learning of that infringement. ***If you find that [alleged infringer] was aware of the patent, but believed that the acts it encouraged did not infringe that patent, [alleged infringer] cannot be liable for inducement.*** In order to establish active inducement of infringement, it is not sufficient that [insert name or other description of

FEDERAL CIRCUIT BAR ASSOCIATION MODEL PATENT JURY INSTRUCTIONS

Subsection 3.2, cont'd

alleged direct infringer] itself directly infringes the claim. Nor is it sufficient that [alleged infringer] was aware of the act(s) by [insert name or other description of alleged direct infringer] that allegedly constitute the direct infringement. ***Rather, in order to find active inducement of infringement, you must find either that [accused infringer] specifically intended [insert name or other description of alleged direct infringer] to infringe the [] patent or that [accused infringer] believed there was a high probability that [insert name or other description of alleged direct infringer] would infringe the [] patent, but deliberately avoided learning the infringing nature of [insert name or other description of alleged direct infringer]’s acts. The mere fact, if true, that [alleged infringer] knew or should have known that there was a substantial risk that [insert name or description of alleged direct infringer]’s acts would infringe the [] patent would not be sufficient to support a finding of active inducement of infringement.***

U.S. SUPREME COURT ON INDUCED INFRINGEMENT

▼ *Global-Tech Appliances, Inc. v. SEB S. A.*, 563 U.S. 754 (2012)

[§271(b)]. In referring to a party that “induces infringement,” this provision may require merely that the inducer lead another to engage in conduct that happens to amount to infringement, *i.e.*, the making, using, offering to sell, selling, or importing of a patented invention. See §271(a). On the other hand, the reference to a party that “induces infringement” may also be read to mean that the inducer must persuade another to engage in conduct that the inducer knows is infringement. Both readings are possible.

U.S. SUPREME COURT ON INDUCED INFRINGEMENT

▼ *Global-Tech Appliances, Inc. v. SEB S. A.*, 563 U.S. 754 (2012), cont'd.

Accordingly, we now hold that induced infringement under §271(b) requires knowledge that the induced acts constitute patent infringement.

Taken together, this evidence was more than sufficient for a jury to find that Pentalpha subjectively believed there was a high probability that SEB's fryer was patented, that Pentalpha took deliberate steps to avoid knowing that fact, and that it therefore willfully blinded itself to the infringing nature of Sunbeam's sales.

U.S. Supreme Court On Induced Infringement

▼ *Commil USA, LLC v. Cisco Sys.*, 575 U.S. 632 (2015)

This case asks a question of first impression: whether knowledge of, or belief in, a patent's validity is required for induced infringement under §271(b).

Invalidity is an affirmative defense that “can preclude enforcement of a patent against otherwise infringing conduct.” 6A Chisum on Patents §19.01, p. 19–5 (2015). An accused infringer can, of course, attempt to prove that the patent in suit is invalid; if the patent is indeed invalid, and shown to be so under proper procedures, there is no liability. *See i4i, supra*, at ____–____, 131 S.Ct., at 2247-2248. That is because invalidity is not a defense to infringement, it is a defense to liability. And because ‘645 of that fact, a belief as to invalidity cannot negate the scienter required for induced infringement.

U.S. Supreme Court On Induced Infringement

▼ *Commil USA, LLC v. Cisco Sys.*, 575 U.S. 632 (2015), cont'd.

Creating a defense of belief in invalidity, furthermore, would have negative consequences. It can render litigation more burdensome for everyone involved. ***Every accused inducer would have an incentive to put forth a theory of invalidity and could likely come up with myriad arguments.***

Commil v. Cisco Dissent

- ▼ Our task is to interpret the Patent Act, and to decide whether it makes a good-faith belief in a patent's invalidity a defense to induced infringement. Since, as we said in *Global-Tech, supra*, the Act makes knowledge of infringement a requirement for induced-infringement liability; and since there can be no infringement (and hence no knowledge of infringement) of an invalid patent; good-faith belief in invalidity is a defense. I may add, however, that if the desirability of the rule we adopt were a proper consideration, it is by no means clear that the Court's holding, which increases the *in terrorem* power of patent trolls, is preferable. The Court seemingly acknowledges that consequence in Part III of its opinion.

35 U.S.C. § 271: INFRINGEMENT OF A PATENT

- ▼ (c) Whoever offers to sell or sells within the United States or imports into the United States a component of a patented machine, manufacture, combination, or composition, or a material or apparatus for use in practicing a patented process, constituting a material part of the invention, knowing the same to be especially made or especially adapted for use in an infringement of such patent, and not a staple article or commodity of commerce suitable for substantial non-infringing use, shall be liable as a contributory infringer.

FEDERAL CIRCUIT BAR ASSOCIATION MODEL PATENT JURY INSTRUCTIONS

▼ 3.3 Indirect Infringement – Contributory Infringement

[Alleged infringer] is liable for contributory infringement of a claim if [patent holder] proves by a preponderance of the evidence: (1) [alleged infringer] sells, offers to sell, or imports within the United States a component of a product, material, or apparatus for use in a process, during the time the [] patent is in force; (2) the component, material, or apparatus is not a staple article or commodity of commerce suitable for substantial noninfringing use; (3) the component, material, or apparatus constitutes a material part of the invention; (4) [alleged infringer] is aware of the [] patent and knows that the component, material, or apparatus is especially made or adapted for use as an infringement of the claim; and (5) [insert name or other description of alleged direct infringer] uses the component, material, or apparatus to directly infringe a claim.

35 U.S.C. § 271: INFRINGEMENT OF A PATENT

- ▼ (d) No patent owner otherwise entitled to relief for infringement or contributory infringement of a patent shall be denied relief or deemed guilty of misuse or illegal extension of the patent right by reason of his having done one or more of the following: (1) derived revenue from acts which if performed by another without his consent would constitute contributory infringement of the patent; (2) licensed or authorized another to perform acts which if performed without his consent would constitute contributory infringement of the patent; (3) sought to enforce his patent rights against infringement or contributory infringement; (4) refused to license or use any rights to the patent; or (5) conditioned the license of any rights to the patent or the sale of the patented product on the acquisition of a license to rights in another patent or purchase of a separate product, unless, in view of the circumstances, the patent owner has market power in the relevant market for the patent or patented product on which the license or sale is conditioned.

35 U.S.C. § 271: INFRINGEMENT OF A PATENT

▼ (e)

- ▼ (1) It shall not be an act of infringement to make, use, offer to sell, or sell within the United States or import into the United States a patented invention (other than a new animal drug or veterinary biological product (as those terms are used in the Federal Food, Drug, and Cosmetic Act and the Act of March 4, 1913) which is primarily manufactured using recombinant DNA, recombinant RNA, hybridoma technology, or other processes involving site specific genetic manipulation techniques) solely for uses reasonably related to the development and submission of information under a Federal law which regulates the manufacture, use, or sale of drugs or veterinary biological products.

35 U.S.C. § 271: INFRINGEMENT OF A PATENT

Subsection (e), cont'd

- ▼ (2) It shall be an act of infringement to submit —
 - ▼ (A) an application under section 505(j) of the Federal Food, Drug, and Cosmetic Act or described in section 505(b)(2) of such Act for a drug claimed in a patent or the use of which is claimed in a patent,
 - ▼ (B) an application under section 512 of such Act or under the Act of March 4, 1913 (21 U.S.C. 151 - 158) for a drug or veterinary biological product which is not primarily manufactured using recombinant DNA, recombinant RNA, hybridoma technology, or other processes involving site specific genetic manipulation techniques and which is claimed in a patent or the use of which is claimed in a patent, or
 - ▼ (C)
 - ▼ (i) with respect to a patent that is identified in the list of patents described in section 351(l)(3) of the Public Health Service Act (including as provided under section 351(l)(7) of such Act), an application seeking approval of a biological product, or
 - ▼ (ii) if the applicant for the application fails to provide the application and information required under section 351(l)(2)(A) of such Act, an application seeking approval of a biological product for a patent that could be identified pursuant to section 351(l)(3)(A)(i) of such Act, if the purpose of such submission is to obtain approval under such Act to engage in the commercial manufacture, use, or sale of a drug, veterinary biological product, or biological product claimed in a patent or the use of which is claimed in a patent before the expiration of such patent.

35 U.S.C. § 271: INFRINGEMENT OF A PATENT

Subsection (e), cont'd

- ▼ (3) In any action for patent infringement brought under this section, no injunctive or other relief may be granted which would prohibit the making, using, offering to sell, or selling within the United States or importing into the United States of a patented invention under paragraph (1).

35 U.S.C. § 271: INFRINGEMENT OF A PATENT

Subsection (e), cont'd

- ▼ (4) For an act of infringement described in paragraph (2)—
- ▼ (A) the court shall order the effective date of any approval of the drug or veterinary biological product involved in the infringement to be a date which is not earlier than the date of the expiration of the patent which has been infringed,
 - ▼ (B) injunctive relief may be granted against an infringer to prevent the commercial manufacture, use, offer to sell, or sale within the United States or importation into the United States of an approved drug, veterinary biological product, or biological product,
 - ▼ (C) damages or other monetary relief may be awarded against an infringer only if there has been commercial manufacture, use, offer to sell, or sale within the United States or importation into the United States of an approved drug, veterinary biological product, or biological product, and
 - ▼ (D) the court shall order a permanent injunction prohibiting any infringement of the patent by the biological product involved in the infringement until a date which is not earlier than the date of the expiration of the patent that has been infringed under paragraph (2)(C), provided the patent is the subject of a final court decision, as defined in section 351(k)(6) of the Public Health Service Act, in an action for infringement of the patent under section 351(l)(6) of such Act, and the biological product has not yet been approved because of section 351(k)(7) of such Act.

The remedies prescribed by subparagraphs (A), (B), (C), and (D) are the only remedies which may be granted by a court for an act of infringement described in paragraph (2), except that a court may award attorney fees under **section 285**.

35 U.S.C. § 271: INFRINGEMENT OF A PATENT

Subsection (e), cont'd

- ▼ (5) Where a person has filed an application described in paragraph (2) that includes a certification under subsection (b)(2)(A)(iv) or (j)(2)(A)(vii)(IV) of section 505 of the Federal Food, Drug, and Cosmetic Act (21 U.S.C. 355), and neither the owner of the patent that is the subject of the certification nor the holder of the approved application under subsection (b) of such section for the drug that is claimed by the patent or a use of which is claimed by the patent brought an action for infringement of such patent before the expiration of 45 days after the date on which the notice given under subsection (b)(3) or (j)(2)(B) of such section was received, the courts of the United States shall, to the extent consistent with the Constitution, have subject matter jurisdiction in any action brought by such person under section 2201 of title 28 for a declaratory judgment that such patent is invalid or not infringed.

35 U.S.C. § 271: INFRINGEMENT OF A PATENT

Subsection (e), cont'd

▼ (6)

- ▼ (A) Subparagraph (B) applies, in lieu of paragraph (4), in the case of a patent-
 - ▼ (i) that is identified, as applicable, in the list of patents described in section 351(l)(4) of the Public Health Service Act or the lists of patents described in section 351(l)(5)(B) of such Act with respect to a biological product; and
 - ▼ (ii) for which an action for infringement of the patent with respect to the biological product -
 - ▼ (I) was brought after the expiration of the 30-day period described in subparagraph (A) or (B), as applicable, of section 351(l)(6) of such Act; or
 - ▼ (II) was brought before the expiration of the 30-day period described in subclause (I), but which was dismissed without prejudice or was not prosecuted to judgment in good faith.
- ▼ (B) In an action for infringement of a patent described in subparagraph (A), the sole and exclusive remedy that may be granted by a court, upon a finding that the making, using, offering to sell, selling, or importation into the United States of the biological product that is the subject of the action infringed the patent, shall be a reasonable royalty.
- ▼ (C) The owner of a patent that should have been included in the list described in section 351(l)(3)(A) of the Public Health Service Act, including as provided under section 351(l)(7) of such Act for a biological product, but was not timely included in such list, may not bring an action under this section for infringement of the patent with respect to the biological product.

35 U.S.C. § 271: INFRINGEMENT OF A PATENT

▼ (f)

- ▼ (1) Whoever without authority supplies or causes to be supplied in or from the United States all or a substantial portion of the components of a patented invention, where such components are uncombined in whole or in part, in such manner as to actively induce the combination of such components outside of the United States in a manner that would infringe the patent if such combination occurred within the United States, shall be liable as an infringer.
- ▼ (2) Whoever without authority supplies or causes to be supplied in or from the United States any component of a patented invention that is especially made or especially adapted for use in the invention and not a staple article or commodity of commerce suitable for substantial noninfringing use, where such component is uncombined in whole or in part, knowing that such component is so made or adapted and intending that such component will be combined outside of the United States in a manner that would infringe the patent if such combination occurred within the United States, shall be liable as an infringer.

FEDERAL CIRCUIT BAR ASSOCIATION MODEL PATENT JURY INSTRUCTIONS

▼ 3.4 INFRINGEMENT THROUGH THE SUPPLY OF COMPONENTS FROM UNITED STATES FOR COMBINATION ABROAD

[If § 271(f)(1)—active inducement—is at issue: [Alleged infringer] is liable for § 271(f)(1) infringement of a claim (active inducement of foreign combination of components supplied from the United States) if [patent holder] proves by a preponderance of the evidence that: ***(1) [alleged infringer] supplies [or causes to be supplied] components from the United States to a place outside the United States, which make up all or a substantial portion of the invention of a claim of the [] patent; (2) [alleged infringer] takes action intentionally to cause [insert name or other description of alleged direct infringer] to assemble the components outside of the United States; (3) [alleged infringer] knows of the [] patent, and knows that the encouraged acts***

FEDERAL CIRCUIT BAR ASSOCIATION MODEL PATENT JURY INSTRUCTIONS

Subsection 3.4, cont'd

constitute infringement of that patent; and (4) the encouraged acts would constitute direct infringement of the claim if they had been carried out in the United States. If you find that [alleged infringer] was aware of the patent, but believed that the acts it encouraged would not constitute infringement of the patent if carried out in the United States, [alleged infringer] cannot be liable for inducement. In order to establish active inducement of infringement, it is not sufficient that [insert name or other description of alleged direct infringer] itself allegedly directly infringes the claim. Nor is it sufficient that [alleged infringer] was aware of the act(s) that allegedly constitute the direct infringement. Rather, you must find that [alleged infringer] specifically intended for [insert name or other description of alleged direct infringer] to infringe the [] patent, in order to find inducement of infringement. If you do not find that [alleged infringer] specifically intended to infringe, then you must find that [alleged infringer] has not actively induced the alleged infringement under § 271(f)(1).]

FEDERAL CIRCUIT BAR ASSOCIATION MODEL PATENT JURY INSTRUCTIONS

Subsection 3.4, cont'd

[If § 271(f)(2)—contributory foreign infringement—is at issue: [Alleged infringer] is [also] liable for § 271(f)(2) infringement of a claim if [patent holder] proves by a preponderance of the evidence that: **(1) [alleged infringer] supplies a component, or causes a component to be supplied, from the United States to a place outside of the United States; 28 (2) the component is especially made or adapted for use in the claimed invention and is not a staple article or commodity of commerce suitable for substantial noninfringing use; (3) [alleged infringer] is aware of the [] patent and knows that the component is especially adapted for use in the claimed invention and has no substantial noninfringing use; and (4) intends for the component to be used in a product that would directly infringe the claim if it had been used in the United States.**

35 U.S.C. § 271: INFRINGEMENT OF A PATENT

▼ (g) Whoever without authority imports into the United States or offers to sell, sells, or uses within the United States a product which is made by a process patented in the United States shall be liable as an infringer, if the importation, offer to sell, sale, or use of the product occurs during the term of such process patent. In an action for infringement of a process patent, no remedy may be granted for infringement on account of the noncommercial use or retail sale of a product unless there is no adequate remedy under this title for infringement on account of the importation or other use, offer to sell, or sale of that product. ***A product which is made by a patented process will, for purposes of this title, not be considered to be so made after —***

- ▼ *(1) it is materially changed by subsequent processes; or*
- ▼ *(2) it becomes a trivial and nonessential component of another product.*

35 U.S.C. § 271: INFRINGEMENT OF A PATENT

- ▼ (h) As used in this section, the term "whoever" includes any State, any instrumentality of a State, any officer or employee of a State or instrumentality of a State acting in his official capacity. Any State, and any such instrumentality, officer, or employee, shall be subject to the provisions of this title in the same manner and to the same extent as any nongovernmental entity.

35 U.S.C. § 271: INFRINGEMENT OF A PATENT

- ▼ (i) As used in this section, an "offer for sale" or an "offer to sell" by a person other than the patentee or any assignee of the patentee, is that in which the sale will occur before the expiration of the term of the patent.

WILLFUL INFRINGEMENT – 35 U.S.C. § 284 (Damages)

Upon finding for the claimant the court shall award the claimant damages adequate to compensate for the infringement, but in no event less than a reasonable royalty for the use made of the invention by the infringer, together with interest and costs as fixed by the court.

When the damages are not found by a jury, the court shall assess them. In either event the court may increase the damages up to three times the amount found or assessed. Increased damages under this paragraph shall not apply to provisional rights under section 154(d).

The court may receive expert testimony as an aid to the determination of damages or of what royalty would be reasonable under the circumstances.

FEDERAL CIRCUIT BAR ASSOCIATION MODEL PATENT JURY INSTRUCTIONS

▼ 3.10 WILLFUL INFRINGEMENT

In this case, [patent holder] argues that [alleged infringer] willfully infringed the [patent holder]'s patent. If you have decided that [alleged infringer] has infringed, you must go on and address the additional issue of whether or not this infringement was willful. ***Willfulness requires you to determine whether [patent holder] proved that it is more likely than not that [alleged infringer] knew of [patent holder]'s patent and that the infringement by [alleged infringer] was intentional. You may not determine that the infringement was willful just because [alleged infringer] was aware of the [] patent and infringed it. Instead, you must also find that [alleged infringer] deliberately infringed the [] patent.***

To determine whether [alleged infringer] acted willfully, consider all facts and assess [alleged infringer's] knowledge at the time of the

FEDERAL CIRCUIT BAR ASSOCIATION MODEL PATENT JURY INSTRUCTIONS

Subsection 3.10, cont'd

challenged conduct. Facts that may be considered include, but are not limited, to:

- (1) Whether or not [alleged infringer] acted consistently with the standards of behavior for its industry;
- (2) Whether or not [alleged infringer] intentionally copied a product of [patent holder] that is covered by the [] patent;
- (3) Whether or not [alleged infringer] reasonably believed it did not infringe or that the patent was invalid;
- (4) Whether or not [alleged infringer] made a good-faith effort to avoid infringing the [] patent, for example, whether [alleged infringer] attempted to design around the [] patent; and
- (5) Whether or not [alleged infringer] tried to cover up its infringement.

FEDERAL CIRCUIT BAR ASSOCIATION MODEL PATENT JURY INSTRUCTIONS

Subsection 3.10, cont'd

[Give this additional instruction only if the alleged infringer relies on a legal opinion as a defense to an allegation of willful infringement]

[Alleged infringer] argues it did not act willfully because it relied on a legal opinion that advised [alleged infringer] either (1) that the [product] [method] did not infringe the [] patent or (2) that the [] patent was invalid. You must evaluate whether the opinion was of a quality that reliance on its conclusions was reasonable.

[If jury is made aware that there was not a legal opinion that alleged infringer is relying on]

FEDERAL CIRCUIT BAR ASSOCIATION MODEL PATENT JURY INSTRUCTIONS

Subsection 3.10, cont'd

You may not assume that merely because [alleged infringer] did not obtain a legal opinion about whether [it] infringed the [] patent, that the opinion would have been unfavorable. The absence of a legal opinion may not be used by you to find that [alleged infringer] acted willfully. Rather, the issue is whether, considering all the facts, [patent holder] has established that [alleged infringer]'s conduct was willful.

SUPREME COURT ON WILLFUL INFRINGEMENT

HALO ELECTRONICS., INC., v. PULSE ELECTRONICS., INC.

- ▼ Section 284 of the Patent Act provides that, in a case of infringement, courts "may increase the damages up to three times the amount found or assessed." 35 U.S.C. § 284. In *In re Seagate Technology, LLC*, 497 F.3d 1360 (2007) (en banc), the United States Court of Appeals for the Federal Circuit adopted a two-part test for determining when a district court may increase damages pursuant to § 284. Under *Seagate*, a patent owner must first "show by clear and convincing evidence that the infringer acted despite an objectively high likelihood that its actions constituted infringement of a valid patent." *Id.*, at 1371. Second, the patentee must demonstrate, again by clear and convincing evidence, that the risk of infringement "was either known or so obvious that it should have been known to the accused infringer." *Ibid.* The question before us is whether this test is consistent with § 284. We hold that it is not.

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- ▼ Awards of enhanced damages under the Patent Act over the past 180 years establish that they are not to be meted out in a typical infringement case, but are instead designed as a “punitive” or “vindictive” sanction for egregious infringement behavior. The sort of conduct warranting enhanced damages has been variously described in our cases as willful, wanton, malicious, bad-faith, deliberate, consciously wrongful, flagrant, or—indeed—characteristic of a pirate. See *supra*, at 2–5. District courts enjoy discretion in deciding whether to award enhanced damages, and in what amount. But through nearly two centuries of discretionary awards and review by appellate tribunals, “the channel of discretion ha[s] narrowed,” *Friendly, In-discretion About Discretion*, 31 *Emory L. J.* 747, 772 (1982), so that such damages are generally reserved for egregious cases of culpable behavior.

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- ▼ The principal problem with *Seagate*'s two-part test is that it requires a finding of objective recklessness in every case before district courts may award enhanced damages. Such a threshold requirement excludes from discretionary punishment many of the most culpable offenders, such as the “wanton and malicious pirate” who intentionally infringes another’s patent—with no doubts about its validity or any notion of a defense—for no purpose other than to steal the patentee’s business. *Seymour*, 16 How., at 488. Under *Seagate*, a district court may not even consider enhanced damages for such a pirate, unless the court first determines that his infringement was “objectively” reckless. In the context of such deliberate wrongdoing, however, it is not clear why an independent showing of objective recklessness—by clear and convincing evidence, no less—should be a prerequisite to enhanced damages.

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- ▼ Section 284 gives district courts the discretion to award enhanced damages against those guilty of patent infringement. In applying this discretion, district courts are “to be guided by [the] sound legal principles” developed over nearly two centuries of application and interpretation of the Patent Act. *Martin*, 546 U. S., at 139 (internal quotation marks omitted). Those principles channel the exercise of discretion, limiting the award of enhanced damages to egregious cases of misconduct beyond typical infringement. The *Seagate* test, in contrast, unduly confines the ability of district courts to exercise the discretion conferred on them. Because both cases before us were decided under the *Seagate* framework, we vacate the judgments of the Federal Circuit and remand the cases for proceedings consistent with this opinion.