

Keywords: oral opinions of counsel, *Knorr-Bremse* inference, willful infringement, contributory infringement, induced infringement, lost profits damages

General: Federal district court, in concluding that defendant willfully infringed patent for gas-fired fireplace burner assembly, did not clearly err in dismissing defendant's asserted good-faith belief that accused device did not infringe, since defendant made little or no effort to assess whether it infringed, or whether patent was invalid, after receiving notice of patent.

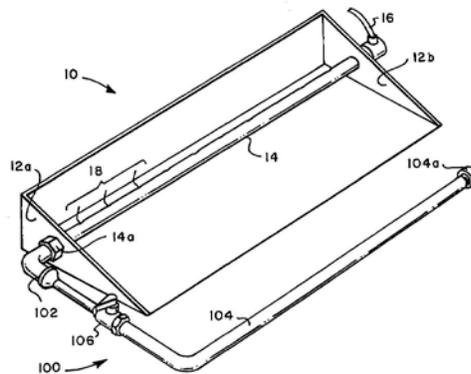
Golden Blount Inc. v. Robert H. Peterson Co.

78 U.S.P.Q. 2d 1005 (Fed. Cir. 2006)

Decided February 15, 2006

I. Facts

Plaintiff Golden Blount, Inc. ("Golden Blount") is the owner of U.S. Patent No. 5,988,159 ("the '159 patent"), which is directed to a gas-fired artificial log and coal burner assembly. FIG. 2 of the '159 patent is reproduced below:



An important feature of the claims of the '159 patent is the positioning of a secondary coal and ember burning tube 104 forward and below a primary gas log burning tube 14.

On December 10, 1999, Golden Blount sent a letter to the Robert H. Peterson Co. ("Peterson") complaining that Peterson's secondary ember burning tube ("the EMB") infringed the claims of the '159 patent. Peterson sold the EMB product separately along with instructions on how to combine it with a primary gas log burning tube. Subsequently, Peterson obtained three oral opinions of counsel concerning the possibility of infringement of the '159 patent by the EMB product. Those opinions are summarized below:

First opinion: After notice letter, Peterson stated to its patent attorney that "for 20 years or more, the whole industry has been making things like this." The patent attorney replied that "if we can prove that what the Peterson Company was doing with the present product, the ember flame booster for 20 or 30 years" that Peterson would not infringe or that the claims would be invalid. The attorney did not consider the accused device, the file wrapper of the patent or any prior art.

Second opinion: After the lawsuit was filed, the attorney looked at a picture and a drawing of the accused device and opined that he did not believe that the accused device literally infringed any claim of the '159 patent and that at least some of the claims were invalid.

Third opinion: After the second opinion, the patent attorney reviewed the file history of the '159 patent, but still did not examine an accused device. He then opined that none of the claims were literally infringed, that claims 1 through 18 were not infringed under the doctrine of equivalents, and that the remaining claims were invalid.

At trial, the patent attorney testified that he later examined an accused device and learned of the relative positioning of the two burners of the accused device.

After an extensive procedural history, including two trials and a previous appeal to the Federal Circuit, the district court concluded that Peterson's sales of the EMB product constituted both contributory and induced infringement. The court also concluded that Peterson's infringement was willful. Golden Blount was awarded attorneys' fees and trebled lost profits damages exceeding \$2 million total. Peterson appealed.

II. Issues

1. Did the district court properly find willful infringement in spite of Peterson's oral opinions of counsel?
2. Did the district court properly award lost profits damages for EMB products sold by Peterson, but that were returned without being combined into a directly infringing combination?

III. Discussion

1. Yes. The district court properly accorded little weight to Peterson's oral opinions of non-infringement and invalidity of the '159 patent. The following factors were noted by the Court:

- a. Peterson's patent attorney did not consider the file history of the '159 patent for two of the three opinions.
- b. Peterson's patent attorney never examined an accused device prior to rendering the opinions.
- c. The basis for one opinion was a statement by one of Peterson's employees that the invention had been around for "20 or 30 years."
- d. Peterson's testimony that it encouraged dealers to install the EMB product "level" to the primary log burning tube was contradicted by written instructions enclosed with the EMB product.
- e. Peterson did not substantively respond to Golden Blount's notice letters.
- f. Peterson obtained the opinions only out of an insincere desire to avoid a finding of willful infringement and an award of attorneys' fees.

The Federal Circuit contrasted the instant case with the *Knorr-Bremse* decision in which it was held that no negative inference may be drawn from the fact that an infringement defendant does not produce an opinion of counsel, instead relying on a claim of attorney/client privilege to shield the opinion. In the present case, Peterson voluntarily waived the privilege and produced the "opinions" for the purpose of establishing a good faith belief that it did not infringe the '159 patent by inducement.

2. No. Golden Blount successfully relied on directions enclosed with the EMB product to prove both contributory infringement and infringement by inducement. The Federal Circuit reasoned that both contributory infringement and inducement to infringe are premised on an underlying act of direct infringement. Therefore, the Court overturned the district court's finding of lost profits damages with respect to EMB products that were returned to Peterson by customers who did not employ them in a directly infringing combination.