

Keywords: willful infringement; § 284; enhanced damages; invalidity opinion; non-infringement opinion; *Halo*; *Read* factors

General: Post-*Halo*, obtaining invalidity and non-infringement opinions of counsel before litigation can reduce likelihood of willfulness finding if infringement is later proven.

Greatbatch Ltd. v. AVX Corporation and AVX Filters Corporation

U.S. District Court - Delaware

No. 13-723

Decided: December 13, 2016

I. Facts

Greatbatch sued AVX Corporation and AVX Filters (AVX) on April 25, 2013 for infringement of 6 patents related to implantable medical devices. AVX knew about at least the 3 patents ('627, '095, and '779) prior to litigation and at the alleged time of infringement. Prior to suit, AVX had taken the following actions with respect to these 3 patents:

- '627 patent – AVX obtained a 20-page invalidity opinion of '627 patent. AVX also offered indemnity to customer that purchased products.
- '095 patent – AVX obtained a non-infringement opinion in 1998 based on a missing element in their planned product relative to the '095 patent. Product was later manufactured. In 2008, AVX reviewed the opinion with counsel and determined that the same non-infringement position from 1998 opinion applied to AVX products in 2008.
- '779 patent – No opinion of counsel is mentioned, but AVX had internal email questioning whether AVX would be able to manually manufacture its products correctly every time to avoid the '779 patent.

Prior to trial, AVX filed a motion for summary judgment of no willful infringement. The district court granted this motion with respect to the '627, '095, and '779 patents. AVX asserted invalidity of each of the patents at trial, but the jury found 5 of the patents to be valid¹. The jury also found infringement of claims of the '627² and '095 patents.

The AVX motion for summary judgment regarding willful infringement was based on the Federal Circuit's *Seagate* test for willful infringement. *Seagate* had two prongs the patentee had to prove to establish willful infringement: (1) the infringer acted despite an objectively high likelihood that its conduct constituted infringement of a valid patent; and (2) the objective risk was known or so obvious that it should have been known to the accused infringer. Some interpreted *Seagate* to enable an accused infringer to forego opinions of counsel before litigation because a reasonable defense to willful infringement may be developed at trial.

¹ Only the willfulness issue with respect to the '627, '095, and '779 patents were discussed here.

² PTAB and Fed. Cir. later invalidated many claims of the '627 patent, but the infringed claim remained valid.

Greatbatch sought to vacate this granted motion for summary judgement of no willful infringement based on the subsequent Supreme Court decision in *Halo*, which rejected the two-prong test of *Seagate*. The Supreme Court in *Halo* found the first prong unduly rigid, and rather focused on whether an infringer's conduct at the time of infringement was subjectively willful or egregious, such as whether the infringer's conduct was wanton, malicious, in bad-faith, deliberate, consciously wrongful, flagrant, or characteristic of a pirate.

II. Issue

Under *Halo* rather than *Seagate*, is there a genuine dispute of material fact that AVX willfully infringed the '627, '095, and '779 patents?

III. Discussion

No, there is no basis on which the Court could award enhanced damages to Greatbatch under *Halo*. The Court denied the request by Greatbatch to vacate the grant of summary judgment of no willful infringement of the '627, '095, and '779 patents.

The Court reviewed AVX's motion for summary judgment *de novo* under *Halo*, and found no evidence that a reasonable jury could find willful infringement by AVX of the '627, '095, and '779 patents to warrant enhanced damages. The Court did not find any evidence that AVX conduct was "egregious," "deliberate," "atypical," or otherwise characteristic of willful infringement. The Court reviewed the actions by AVX with respect to each patent as follows:

'627 patent: The Court thought a reasonable jury would not find willful infringement in view of the 20-page invalidity opinion obtained prior to litigation. The Court found the invalidity opinion "competent" and "reasonable." The Court noted that the invalidity opinion was based on the same reference used during an IPR to invalidate claim 11, from which the infringed claim 12 depends. The indemnity offer to a customer could be viewed as evidence that AVX strongly believed it did not infringe.

'095 patent: The Court found no evidence that the 1998 opinion or 2008 review was unreasonable or incompetent. Greatbatch presented evidence that AVX used samples of a Greatbatch product not covered by the '095 patent to assist development of an AVX product that infringed the '095 patent. The Court found this issue irrelevant to the willful infringement issue because the copied Greatbatch product was not covered by the '095 patent.

'779 patent: The Court viewed the actions by AVX as trying to avoid infringement of the '779 patent. The Court noted that the evidence only shows, "at most, AVX's doubts about its ability to implement precautionary manufacturing processes and get them 'right every time,' to avoid any infringement."

IV. Conclusion

Actions taken by an infringer at the time of the infringing conduct prior to litigation are relevant to the determination of willful infringement, and thus are relevant to enhanced damages. Also, *Halo* makes clear that the award of enhanced damages is at the discretion of the District Court. Here, the District Court appears to place strong emphasis on a requirement of evidence of egregious infringement to support enhanced damages, even if willfulness is found.

Invalidity and non-infringement opinions appear to be more important post-*Halo*. The Court here appeared to focus on whether opinions of counsel are reasonable and competent.