

## RATNERPRESTIA IP RISK MANAGEMENT UPDATE

BROADCOM CORP. V. QUALCOMM INC.,  
2008 U.S. APP. LEXIS 1272 (FED. CIR. SEPT. 24, 2008)

### FURTHER REASON TO OBTAIN OPINIONS-OF-COUNSEL

20 OCTOBER 2008

There has been much discussion regarding the importance of obtaining opinions-of-counsel in the wake of *In Re Seagate Technology, LLC*, 497 F.3d 1360 (Fed. Cir. 2007) (en banc). As explained in our previous article titled *Are Patent Infringement Opinions Really Necessary After Seagate*, seeking advice from counsel remains a valuable tool in making decisions to proceed with specific products or take specific actions, and a well-reasoned opinion-of-counsel provides a strong defense against a finding of willful infringement. In the year since *Seagate*, several courts have confirmed the value of opinions-of-counsel in avoiding a finding of willful infringement,<sup>1</sup> and recently, the Court of Appeals for the Federal Circuit (CAFC) provided a further basis to consider obtaining an opinion-of-counsel, namely, to help avoid a finding of induced infringement.

In *Broadcom Corp. v. Qualcomm Inc.*, decided on September 24, 2008, the CAFC held that a competent opinion-of-counsel remains relevant to the question of intent in a charge of induced infringement. Qualcomm appealed from a jury's determination that Qualcomm willfully directly infringed and induced infringement of three patents owned by Broadcom. Although Qualcomm had invalidity opinions for the three patents, it elected not to waive attorney-client privilege by relying on those opinions. Ten days after the district court's denial of Qualcomm's post-trial motions, the CAFC released *Seagate*, which prompted the district court to reconsider its denial of Qualcomm's request for a new trial on willfulness and to ultimately vacate its willfulness verdict, while maintaining the finding of direct and induced infringement.

With respect to induced infringement, Qualcomm argued on appeal that the pre-*Seagate* jury instructions, which prompted the district court to vacate its willfulness verdict based in-part on Qualcomm's not having obtained non-infringement opinions, also requires overturning the indirect infringement verdicts due to the specific intent necessary to find inducement to infringe under *DSU Medical Corp. v. JMS Co.*, 471 F.3d 1293 (Fed. Cir.).

In order to prevail on an inducement claim, the patentee must establish that the alleged infringer knowingly induced infringement and possessed specific intent to encourage infringement. The district court instructed the jury that in order to find inducement of infringement "you must find Qualcomm ... knows or should have known that the encouraged acts constitute infringement of the patent, and has an intent to cause the encouraged acts" and that "when considering whether Qualcomm knew or should have known that the induced actions would constitute infringement, in the totality of the circumstances, ... you may consider whether or not Qualcomm obtained the advice of a competent lawyer."

Qualcomm argued that *Seagate* altered the standard for establishing intent. Specifically, Qualcomm contended that *Seagate* abandoned the affirmative duty of due care to avoid infringement and that, because specific intent is a stricter standard than the "objective recklessness" standard of *Seagate*, opinion-of-counsel evidence is no longer relevant in determining the intent of an alleged infringer in the inducement context.

The CAFC rejected Qualcomm's argument stating that "a lack of culpability for willful infringement does not compel a finding of non-infringement under an inducement theory." The CAFC additionally stated that "[i]t would be manifestly unfair to allow opinion-of-counsel evidence to serve an exculpatory function, as was the case in *DSU* ... and yet not permit patentees to identify failures to procure such advice as circumstantial evidence of intent to infringe." Thus, the CAFC found that opinions-of-counsel are relevant in determining inducement to infringe regardless of whether willfulness is found in view of *Seagate*.

In *Broadcom Corp.*, the CAFC explicitly recognized the relevance of opinion-of-counsel evidence to the intent prong of the inducement analysis. It also confirmed that patentees can identify failures to procure the advice of counsel as circumstantial evidence of intent to infringe. Accordingly, obtaining an opinion-of-counsel should still be considered to minimize the risks of a finding of willful infringement and/or avoid a finding of induced infringement.

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<sup>1</sup> Several courts post-*Seagate* have affirmatively held that a competent opinion-of-counsel concluding either that a patent was not infringed or was invalid provides sufficient basis for an entity to proceed without engaging in objectively reckless behavior. Additionally, courts have held that while there is not an affirmative duty to obtain an opinion-of-counsel, the lack of an opinion-of-counsel may be a factor in the totality of the circumstances in determining if the defendant engaged in objectively reckless behavior.