

Featured Professionals

Thomas R. Hipkins

Invalidity Opinions of Counsel After Commil

Legal Update

06.30.2015

By Thomas R. Hipkins

Despite the Supreme Court's recent *Commil USA, LLC v. Cisco Systems, Inc.* decision, invalidity opinions of counsel remain an important tool for mitigating patent infringement risk. Under *Commil*, invalidity opinions cannot be used to show that an accused infringer lacked the requisite intent to induce—i.e., the scienter element—under 35 USC § 271(b). But companies will continue to use the opinions to memorialize early-stage validity analyses as part of a broader strategy of assessing potential patent infringement risk.

Commil USA, LLC v. Cisco Systems, Inc.

The *Commil* case focused exclusively on active inducement of patent infringement under 35 USC § 271(b). *Commil* had already won on direct infringement under § 271(a) at the district court. *Commil* had also already won on validity—both at the district court and in the US Patent and Trademark Office. Neither of these issues were part of Cisco's appeal.

Section § 271(b) states,

"Whoever actively induces infringement of a patent shall be liable as an infringer."

To be liable under § 271(b), one must actively induce action that constitutes direct infringement, and one must know that the induced action constitutes infringement—the scienter element. A good faith belief that the induced action does not constitute infringement—even if the belief is ultimately proved to be in error—negates the scienter element and precludes liability under § 271(b). The Supreme Court made this clear in 2011 in its *Global-Tech Appliances, Inc. v. SEB S. A.* decision.

In *Commil*, the Supreme Court decided that, while a good-faith (though erroneous) noninfringement belief precludes liability under § 271(b), the same kind of belief that the patent is invalid does not. The Court held that the district court was right to exclude evidence that Cisco believed *Commil*'s patent was invalid. The Court stated,

"The scienter element for induced infringement concerns infringement; that is a different issue than validity. . . . And because infringement and validity are separate issues under the Act, belief regarding validity cannot negate the scienter required

under § 271(b)."

Thus, evidence that an accused infringer believed that the asserted patent was invalid—even an invalidity opinion from competent patent counsel—is not relevant to whether the accused infringer had the requisite intent to induce under § 271(b).

Why Bother With Invalidity Opinions?

One could argue that *Commil* significantly undermines the value of invalidity opinions of counsel. Under *Commil*, such opinions cannot be introduced as evidence at trial under § 271(b) (though they may be relevant to whether any infringement was willful). Even before *Commil*, invalidity opinions did not aid significantly in formally challenging a patent's validity in court or before the USPTO (aside from serving as a starting point). What one believes about a patent's validity is much less important than what one can prove about a patent's validity.

But invalidity opinions of counsel serve a more basic purpose. They are one of only a few ways a company can conclude an assessment of whether one of its products or services infringes a valid patent.

Before a company introduces a new product or service, it is wise to consider whether doing so would create significant patent infringement risk. This consideration looks different for different companies. But most companies want an honest assessment so they can address potential concerns sooner rather than later. And the focus is typically on both direct infringement and validity.

During this assessment, a company will often find patents that are potentially problematic. It is normal to come across at least one third party patent with one or more claims that arguably read on aspects of the product/service the company plans to introduce. These patents, like all patents, are presumed valid and can be proved invalid only by clear and convincing evidence.

Further, companies must do something to address the potentially problematic patents they uncover. Indeed, it would not look good if the analytical trail ended with a company learning of a potential problem but doing nothing about it.

In many cases, the best way of addressing a potentially problematic patent is establishing an invalidity position (that accounts for the statutory presumption of validity). For example, if unduly broad claims somehow emerged from the USPTO, establishing a noninfringement position may not be possible. Or technical personnel may have access to prior art that makes it easy to establish an invalidity position. When, for whatever reason, it is not an attractive or viable option to establish a noninfringement position, take a license, or decide not to introduce the product/service, a company's best bet may be to establish an invalidity position.

Moreover, when a company addresses a potentially problematic patent by establishing an invalidity position, it is good practice to preserve the invalidity position, and the underlying rationale, in writing. Developing the invalidity position

involves considerable time and expense. Memorializing it in the form of an invalidity opinion is a good way of making sure the effort need not be duplicated in the future. Plus, invalidity opinions can serve an important internal accountability purpose for companies in addition to providing the benefits referenced above—i.e., serving as a starting point for a formal invalidity challenge and helping negate willful infringement.

The *Commil* decision removed one justification for invalidity opinions of counsel, but it is unlikely that many companies would decide whether or not to obtain an invalidity opinion based only on the scienter element of § 271(b). Companies have valued, and will continue to value, invalidity opinions of counsel as an important part of an overall strategy for minimizing patent infringement risk.