

GOLDEN BLOUNT, INC. v. ROBERT H. PETERSON CO.:
WAIVER OF ATTORNEY-CLIENT PRIVILEGE

Summary

Once an accused infringer waives the attorney-client privilege by submitting a non-infringement opinion of counsel to rebut a charge of willful infringement, the patentee is allowed to use the facts and circumstances leading to that opinion to show that the opinion was not competent, that the accused infringement was willful, and/or otherwise show that the accused infringer failed to exercise the affirmative duty of due care to avoid infringement of the known patent rights of others.

Detailed Discussion

Patentee, Golden Blount, Inc. (“Golden Blount”) sued defendant, Robert H. Peterson Co. (“Peterson”), for infringement of its patent and requested treble damages and attorney fees based on willfulness. *Golden Blount, Inc. v. Robert H. Peterson Co.*, 438 F.3d 1354 (Fed. Cir. 2006). Peterson obtained three oral non-infringement opinions: one before suit was filed and two after suit was filed. The attorney rendering the opinions did not examine the accused device for any of the opinions and only examined the file history of the ‘159 patent prior to giving his third opinion. Peterson ignored Golden Blount’s threats to sue based on the assumption that the amount of money damages involved was too small to pursue litigation. The second and third opinions were requested on the belief that having supplemental opinions would avoid a charge of willful infringement. The trial court found that the three oral opinions were not competent, held that Peterson directly and indirectly infringed the ‘159 patent and that such infringement was willful, and awarded treble damages, attorney fees, and post-judgment interest to Golden Blount.

On appeal, Peterson argued that the district court should not have considered whether it obtained an opinion of counsel in evaluating whether Peterson had discharged its duty of due care because, under *Knorr-Bremse*, Peterson had no duty to seek an opinion of counsel at all. Peterson also argued that the district court improperly dismissed Peterson’s asserted good-faith belief in non-infringement because Peterson had obtained non-infringement opinions of counsel.

The court rejected both of Peterson’s arguments. The court stated that under *Knorr-Bremse* “there continues to be an affirmative duty of due care to avoid infringement of the known patent rights of others.” *Golden Blount*, 438 F.3d at 1368 (all internal citations omitted). However, “[t]he patentee bears the burden of persuasion and must prove willful infringement by clear and convincing evidence.” *Id.* Further, “[t]here is no evidentiary presumption that every infringement is willful,” and “[w]illful infringement is not established by the simple fact of infringement, even where the accused has knowledge of the patents.” *Id.* Rather, “[t]he patentee must present threshold evidence of culpable behavior before the burden of production shifts to the accused to put on evidence that it acted with due care.” *Id.* In *Knorr-Bremse* “[w]e overruled [the prior precedent] and held that ‘[t]he adverse inference that an opinion was or would have been unfavorable, flowing from the infringer’s failure to obtain or produce an exculpatory opinion of counsel, is no longer warranted.’” *Id.* “On the other hand, if the privilege is not asserted, the patentee in making its threshold showing of culpable conduct is free to introduce as evidence whatever opinions were obtained and to challenge the competence of those opinions in satisfaction of the patentee’s burden on willfulness. Nothing in *Knorr-Bremse* precludes a patentee from attempting to make such a showing.” *Id.*

In considering the facts of the present case, the court rejected Peterson's argument that the district court improperly drew an inference of the type prohibited by *Knorr-Bremse*. The court stated that "[t]he district court did not infer that if Peterson had obtained a competent opinion regarding the '159 patent, the opinion would have been unfavorable to Peterson. That would have been an improper basis upon which to rest a willfulness finding." *Id.* at 1369. Rather, because Peterson had waived attorney-client privilege by offering up the opinions of counsel, "[t]he competence of those opinions and the facts surrounding Peterson's obtaining those opinions were relevant to the willfulness issue and properly were considered by the district court..." *Id.* The court also rejected Peterson's argument that the district court erred in dismissing Peterson's asserted good-faith belief in non-infringement, and thus in finding willfulness. The court stated that "[t]he district court did not clearly err in according little weight to the first two oral opinions rendered in light of the fact that opinions did not consider the prosecution history or the accused device when the opinions were given." *Id.* The court then held that the facts were not sufficient to reverse the district court's finding of willfulness.

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