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WILLFUL PATENT INFRINGEMENT: *BARD V. W.L. GORE'S* THOUGHTFUL SHIFT FROM JURY TO JUDGE

Alex Czanik*

I. INTRODUCTION

As *Apple v. Samsung* was grabbing national attention in 2013 over their costly smartphone patent dispute, in January 2013 the Supreme Court of the United States refused to hear W.L. Gore's appeal resulting in nearly \$900 million in damages since W.L. Gore's conduct was deemed willful.¹ While typical patent litigations are high stakes affairs often involving million dollar damage calculations and potential market exclusion for the loser, a willful infringement determination raises the stakes even further.

Accusations of willful patent infringement are included in virtually every patent infringement lawsuit as boilerplate language.² A detailed study conducted by Kimberly Moore,³ found that over the two-year period from 1999 through 2000, over 92% of all patent infringement complaints included an allegation of willful infringement.⁴ This high percentage can be partially explained by the possibility of treble damages and payment of attorneys' fees.⁵ This increased liability is enough to test the wherewithal of any seasoned corporate executive.

This Casenote addresses why *Bard Peripheral Vascular, Inc. v. W.L. Gore & Associates, Inc. (Bard)*, a 2012 Federal Circuit decision that altered the willful patent infringement landscape, was correctly decided. Part II begins with an overview of patents, patent infringement, and the various types of patent damages available, and then considers the progression of pertinent willful infringement cases that have shaped this standard. Part III considers the principal case, *Bard*, including

* Associate Member, 2012–2013 *University of Cincinnati Law Review*. The author would like to thank his family for their encouragement and support.

1. Greg Stohr & Susan Decker, *Bard Wins Round as High Court Rejects Gore Patent Appeal*, BLOOMBERG (Jan. 14, 2013), <http://www.bloomberg.com/news/print/2013-01-14/bard-wins-round-as-high-court-rejects-gore-patent-appeal.html>. See *W.L. Gore & Associates, Inc. v. C.R. Bard, Inc.*, 133 S. Ct. 932 (2013).

2. John T. Gallagher, *The Evolution of the Standard for Establishing Willful Infringement—After Five Years the Objective Recklessness Component of Seagate Is Now a Question of Law*, BLOOMBERG BNA, Aug. 17, 2012, at 3, available at http://www.sillscummis.com/Repository/Files/2012_August_Gallagher.pdf.

3. United States Court of Appeals for the Federal Circuit, *Kimberly A. Moore, Circuit Judge*, <http://www.cafc.uscourts.gov/judges/kimberly-a-moore-circuit-judge.html> (Kimberly A. Moore was appointed to the United States Court of Appeals for the Federal Circuit by President Bush in 2006).

4. Kimberly A. Moore, *Empirical Statistics on Willful Patent Infringement*, 14 FED. CIR. B.J. 227, 231–32 (2004).

5. Gallagher, *supra* note 2.

sentiments from both the panel majority as well as the dissent. Part IV answers why this case was correctly decided as well as the case's practical implications on litigants, the court system, and other interested parties. Part V concludes by summarizing the key effects on the stakeholders.

II. BACKGROUND

A. Background on Patent Enforcement

A patent gives its owner the right to exclude others from making, using, or selling a patented invention for a limited period of time.⁶ The Framers, seeing the inherent benefits of the patent system, constitutionally delegated to Congress the power “[t]o promote the Progress of Science and useful Arts, by securing for limited Times to Authors and Inventors the exclusive Right to their respective Writings and Discoveries.”⁷ The goal of the patent system is to bring innovative technologies and new designs into the public realm through disclosure.⁸ This ultimately promotes innovation in society by addressing the inherent costs and risks associated with research and development, making sure the patent incentive structure appropriately awards innovation without adversely impacting consumers and the community at large.⁹

Under 35 U.S.C. § 271(a), one is liable for patent infringement when one “without authority makes, uses, offers to sell, or sells any patented invention, within the United States or imports into the United States any patented invention during the term of the patent.”¹⁰ Unlike many other areas of the law, patent infringement “is a strict liability offense,”¹¹ resulting in liability even if the infringer inadvertently, unintentionally, or even unknowingly infringes a patent.¹² As a result, companies must be vigilant in making sure their products do not unknowingly infringe upon another's valid patent. Therefore, forward thinking companies

6. 35 U.S.C. § 154(a) (2012). The limited period of time is currently approximately twenty years from the date of filing the United States patent application. *Id.*

7. U.S. CONST. art. I, § 8, cl. 8.

8. *Bonito Boats, Inc. v. Thunder Craft Boats, Inc.*, 489 U.S. 141, 150–51 (1989) (“[The] patent system is a carefully crafted bargain for encouraging the creation and disclosure of new, useful, and nonobvious advances in technology.”).

9. FED. TRADE COMM’N, *THE EVOLVING IP MARKETPLACE: ALIGNING PATENT NOTICE AND REMEDIES WITH COMPETITION*, at 1 (Mar. 2011), available at <http://www.ftc.gov/os/2011/03/110307patentreport.pdf>.

10. 35 U.S.C. § 271(a) (2012).

11. *Jurgens v. CBK, Ltd.*, 80 F.3d 1566, 1570 n.2 (Fed. Cir. 1996).

12. *Blair v. Westinghouse Elec. Corp.*, 291 F. Supp. 664, 670 (D.D.C. 1968).

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obtain a non-infringement opinion, also known as a clearance opinion, prior to releasing a product into the market.

To compensate patent owners from those infringers attempting to profit from the owners' invention, courts can provide a wide variety of damages including injunctive relief, compensatory damages, and enhanced damages.¹³ Injunctions preserve the patentee's exclusivity moving forward and deter the infringement of other parties, while compensatory damages make the patent owner whole as a result of the infringement.¹⁴ Enhanced damages deter willful infringement, purposefully punishing the infringer by awarding the patentee greater damages than the amount of harm suffered.¹⁵

Enhanced damages are statutorily based in 35 U.S.C. § 284, allowing the court to increase damages up to three times the amount initially found or assessed.¹⁶ However, the statute is silent upon when an award of enhanced damages is appropriate.¹⁷ Case law fills this void with willfulness being one such way the court may enhance damages. Awarding enhanced damages requires "a two-step process: first, the fact finder must determine if an accused infringer is guilty of conduct, such as willfulness, upon which enhanced damages may be based, and, if so, the court must then exercise its discretion to determine if damages should be enhanced given the totality of the circumstances."¹⁸

The Federal Circuit utilizes nine nonexclusive *Read* factors to determine the extent of enhanced damages awarded.¹⁹ When

13. FED. TRADE COMM'N, *supra* note 9, at 141.

14. *Id.*

15. *Id.*

16. 35 U.S.C. § 284 (2012). The statute states in relevant part:

[u]pon finding for the claimant the court shall award the claimant damages adequate to compensate for the infringement, but in no event less than a reasonable royalty for the use made of the invention by the infringer, together with interest and costs as fixed by the court. . . . When the damages are not found by a jury, the court shall assess them. In either event the court may increase the damages up to three times the amount found or assessed. Increased damages under this paragraph shall not apply to provisional rights under section 154(d). . . . The court may receive expert testimony as an aid to the determination of damages or of what royalty would be reasonable under the circumstances.

Id.

17. *Id.*

18. Saint-Gobain Autover USA, Inc. v. Xinyi Glass N. Am., Inc., 707 F. Supp. 2d 737, 745 (N.D. Ohio 2010).

19. *Read Corp. v. Portec, Inc.*, 970 F.2d 816, 827 (Fed. Cir. 1992). The factors the Federal Circuit considered, now commonly referred to as the *Read* factors, are

(1) [w]hether the infringer deliberately copied the ideas or design of another, (2) [w]hether the infringer, when he knew of the other's patent protection, investigated the scope of the patent and formed a good-faith belief that it was invalid or that it was not otherwise infringed, . . . (3) [the i]nfringer's behavior as a party to the litigation, . . . (4) [the d]efendant's size and financial condition, . . . (5) [the c]loseness of the case, . . . (6) [the d]uration of the defendant's misconduct, . . . (7) [the r]emedial action by the defendant, . . . (8) [the d]efendant's motivation

considering these factors, the appropriate question is whether the factors, taken as a whole, suggest the infringement was willful.²⁰ Even though the Federal Circuit has made clear that “[t]he test for willfulness is distinct and separate from the factors guiding a district court’s discretion regarding enhanced damages,”²¹ some of the factors are frequently used in determining whether willful infringement occurred in the first place. The court can only award enhanced damages “as a penalty for an infringer’s increased culpability, namely willful infringement or bad faith.”²² Paramount to this determination is the egregiousness of the infringer’s conduct, considered by examining the infringer’s culpability.²³

Willfulness serves as a financial deterrent to infringement.²⁴ The trial court is required to explain the basis of the enhancement, especially in instances where the maximum amount is imposed.²⁵ If enhanced damages are not enough to ward off would be infringers, 35 U.S.C. § 285 enables the court to award reasonable attorneys’ fees to the prevailing party in “exceptional” cases.²⁶

B. Development of Willful Infringement

Since § 284 fails to define willfulness, what exactly constitutes willfulness has been subject to judicial interpretation and has undergone many changes over the years. In 1983, the newly established Federal Circuit²⁷ crafted a national standard for willful patent infringement in *Underwater Devices, Inc. v. Morrison-Knudsen Co., Inc.* where the patent owner offered to license the patents at issue for \$200,000.²⁸ Instead of paying the license fee, the infringer obtained from its in house

for harm, and . . . (9) [w]hether [the] defendant attempted to conceal its misconduct.

Id.

20. *Imonex Servs. v. W.H. Munzprufer Dietmar Trenner GMBH*, 408 F.3d 1374, 1377 (Fed. Cir. 2005).

21. *i4i Ltd. P’ship v. Microsoft Corp.*, 589 F.3d 1246, 1274 (Fed. Cir. 2009), *withdrawn and superseded on reh’g*, 598 F.3d 831 (Fed. Cir. 2010), *aff’d*, 131 S. Ct. 2238 (2011).

22. *Beatrice Foods Co. v. New England Printing & Lithographing Co.*, 923 F.2d 1576, 1579 (Fed. Cir. 1991).

23. *Read*, 970 F.2d at 826.

24. *Rite-Hite Corp. v. Kelley Co.*, 819 F.2d 1120, 1126 (Fed. Cir. 1987).

25. *Read*, 970 F.2d at 828.

26. 35 U.S.C. § 285 (2012). The statute states, “[t]he court in exceptional cases may award reasonable attorney fees to the prevailing party.” *Id.*

27. Federal Courts Improvement Act of 1982, Title I, 96 Stat. 25 (1982). The Federal Courts Improvement Act of 1982 established the Court of Appeals for the Federal Circuit having nationwide appellate jurisdiction over patent litigation.

28. *Underwater Devices, Inc. v. Morrison-Knudsen Co., Inc.*, 717 F.2d 1380, 1384 (Fed. Cir. 1983), *overruled by In re Seagate Tech., L.L.C.*, 497 F.3d 1360 (Fed. Cir. 2007).

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counsel a short opinion, stating that the competitor's patents were invalid due to a prior printed publication.²⁹

The court held that where a potential infringer possesses actual notice of another's patent rights, the potential infringer has an affirmative duty to utilize due care in determining infringement.³⁰ This affirmative duty includes, but is not limited to, obtaining competent legal advice from counsel before potentially infringing activity occurs.³¹ The court determined that the short opinion drafted by the infringer's in house counsel contained "bald, conclusory and unsupported remarks regarding validity and infringement," and therefore, could not be justifiably relied upon.³² As a result, the Federal Circuit affirmed the district court's tripling of the \$200,000 in damages, extinguishing the infringer's smoke screen defense.

In subsequent decisions, the Federal Circuit held that willfulness does not require intentional infringement. Willful patent infringement can come in all shapes and sizes. The court stated in *Rite-Hite Corp. v. Kelley Co.* that "[w]illfulness' in infringement, as in life, is not an all-or-nothing trait, but one of degree. It recognizes that infringement may range from unknowing or accidental, to deliberate or reckless, disregard of a patentee's legal rights."³³

C. The Seagate Standard

In re Seagate Tech., a 2007 Federal Circuit en banc decision, altered the willfulness standard that guided the patent world for over two decades by abandoning *Underwater Devices's* affirmative duty to exercise due care that established "a lower threshold for willful infringement that [was] more akin to negligence."³⁴ *Underwater Devices's* low standard failed to align with willfulness in the civil context and was inconsistent with Supreme Court precedent.³⁵ The *Seagate* court considered an alleged infringer's production of three opinion letters prepared by outside counsel, which analyzed the company's litigation exposure for each of the patents at issue.

Seagate established a two-prong test that still serves as the backbone for willful patent infringement.³⁶ To satisfy the first prong, the

29. *Id.* at 1385.

30. *Id.* at 1389.

31. *Id.* at 1390.

32. *Id.*

33. *Rite-Hite Corp. v. Kelley Co.*, 819 F.2d 1120, 1125–26 (Fed. Cir. 1987).

34. *In re Seagate Tech.*, L.L.C., 497 F.3d 1360, 1371 (Fed. Cir. 2007).

35. *Id.* (citing *Safeco Ins. Co. of Am. v. Burr*, 551 U.S. 47, 69 (2007)).

36. *In re Seagate*, 497 F.3d at 1371.

“patentee must show by clear and convincing evidence that the infringer acted despite an objectively high likelihood that its actions constituted infringement of a valid patent.”³⁷ The alleged infringer’s state of mind is irrelevant to the objective inquiry.³⁸

The Federal Circuit, likely understanding the inherent ambiguity in the first prong of the *Seagate* test, acknowledged that objective recklessness is not self-defining, leaving it “to future cases to further develop the application of this standard.”³⁹ Justice Pauline Newman, in a concurring opinion, forecasted that “new uncertainties are introduced by the court’s evocation of ‘objective standards’ for such inherently subjective criteria as ‘recklessness’ and ‘reasonableness,’” and hoped that “judicial wisdom” would prevail.⁴⁰

Only after the patentee shows, by clear and convincing evidence, that the alleged infringer acted “objectively reckless” is the second prong even considered.⁴¹ To satisfy the second prong, “the patentee must also demonstrate that this objectively-defined risk . . . was either known or so obvious that it should have been known to the accused infringer.”⁴²

Since the patentee must establish willful infringement, rather than the infringer, the court abandoned the prior obligation to obtain a non-infringement opinion.⁴³ While not dispositive, a pre-litigation opinion of counsel obtained by the infringer may still preclude the infringer’s conduct from being deemed reckless.⁴⁴

In coming to this decision, the court considered willful infringement of copyrights, which requires that the defendant recklessly disregard that his conduct could constitute infringement.⁴⁵ Changed circumstances justified overruling this longstanding precedent because *Underwater Devices* was decided when “widespread disregard of patent rights was undermining the national innovation incentive.”⁴⁶

Recognizing that issues of willfulness are often complex and may not always involve questions of fact, the Federal Circuit revisited the objective recklessness prong of *Seagate* in *Powell v. Home Depot* to

37. *Id.*

38. *Id.*

39. *Id.*

40. *Id.* at 1385 (Newman, J., concurring).

41. *Id.* at 1371 (Gajarsa, J., majority).

42. *Id.*

43. *Id.*

44. *Id.* at 1374.

45. *Id.* at 1370 (citing *Yurman Design, Inc. v. PAJ, Inc.*, 262 F.3d 101 (2d Cir. 2001)).

46. *Id.* at 1369 (“Reinforcement of this duty was a foundation of the formation of the Federal Circuit court, at a time when widespread disregard of patent rights was undermining the national innovation incentive.” *Knorr-Bremse Systeme Fuer Nutzfahrzeuge GmbH v. Dana Corp.*, 383 F.3d 1337, 1343 (Fed. Cir. 2004) (*en banc*)).

address when a court, as opposed to a jury, may properly consider the first prong of the *Seagate* standard.⁴⁷ In *Powell*, the Federal Circuit affirmed the district court's judgment that the defendant infringed a patent for radial saw arm guards and awarded nearly \$24 million in total damages.⁴⁸ Since neither of the issues presented by the alleged infringer as defenses were before the jury, the court properly considered the objective prong.⁴⁹ Conversely, if a purely factual matter was at the heart of the dispute, possibly as to whether an anticipation defense to willful infringement was reasonable, the objective prong would have properly been considered by the jury.⁵⁰ This is because whether a claim is anticipated is a question of fact.⁵¹

The more difficult question left unresolved by *Powell* occurs when the defense to a willfulness claim depends on both issues of fact and law. The court found that if separate issues of fact and law are presented by the infringer as defenses to willful infringement, both the court and the jury might be required for the analysis.⁵² While *Powell* noted that both the judge and jury may be required for a determination of objective recklessness, the court did not define precise roles which later proved problematic for district courts. For example, if both anticipation and obviousness were raised as defenses of non-infringement, the judge would evaluate whether it was objectively reckless to rely upon the obviousness defense, while the jury would evaluate the reasonableness of the anticipation defense.⁵³ Unlike anticipation, obviousness is ultimately a legal conclusion based upon factual inquiries.⁵⁴

The *Powell* court held that patentees are required to prove the objective prong by clear and convincing evidence before the jury can consider the question of willfulness.⁵⁵ However, this objective prong is not satisfied when an alleged infringer relies on a reasonable defense of non-infringement.⁵⁶ Similarly, the first prong is not sufficiently satisfied

47. *Bard Peripheral Vascular, Inc. v. W.L. Gore & Assoc., Inc.*, 682 F.3d 1003, 1006 (Fed. Cir. 2012) (quoting *Powell v. Home Depot U.S.A., Inc.*, 663 F.3d 1221, 1236–37 (Fed. Cir. 2011)).

48. *Powell*, 663 F.3d at 1242.

49. *Id.* at 1237.

50. *Id.* at 1236–37.

51. *See, e.g.*, *Atlas Powder Co. v. E.I. DuPont de Nemours & Co.*, 750 F.2d 1569, 1573 (Fed. Cir. 1984). “The district court’s determination of no anticipation was a factual one.” *Id.*

52. *Powell*, 663 F.3d at 1237.

53. *Gallagher, supra* note 2, at 7.

54. *See Graham v. John Deere Co. of Kansas City*, 383 U.S. 1, 17 (1966).

55. *Powell*, 663 F.3d at 1236; *see DePuy Spine, Inc. v. Medtronic Sofamor Danek, Inc.*, 567 F.3d 1314, 1335–37 (Fed. Cir. 2009) (declining to address the subjective prong when the objective prong had not been established).

56. *Spine Solutions, Inc. v. Medtronic Sofamor Danek USA, Inc.*, 620 F.3d 1305, 1319 (Fed. Cir. 2010).

when a reasonable conclusion could be reached that there was no infringement.⁵⁷ As a result, the question on appeal is often whether an alleged infringer's defense was reasonable.⁵⁸

III. PRINCIPAL CASE: *BARD PERIPHERAL VASCULAR, INC. v. W.L. GORE & ASSOCIATES, INC.*

A. Background

The invention at issue concerned prosthetic vascular tubes used to replace or reinforce blood vessels allowing for improved blood flow throughout the body.⁵⁹ W.L. Gore & Associates provided the tubes to Bard Peripheral Vascular for use in Bard's research, but Gore had no right to control Bard's research.⁶⁰ After conducting multiple tests successfully, Bard completed the required inventive steps. After both Gore and Bard filed patent applications covering the tube, Bard was awarded priority since Bard had completed the required inventive steps before Gore.⁶¹ In 2002, U.S. Patent 6,436,135 ('135 patent) was granted and assigned to Bard.⁶² Since Gore was using the invention after Bard was assigned the '135 patent, Bard filed suit for patent infringement.

In 2010, the United States District Court for the District of Arizona found that the '135 patent was willfully infringed by Gore and not invalid for improper inventorship, lack of written description, anticipation, or obviousness.⁶³ As a result, the district court, in accordance with the jury's findings, awarded enhanced damages, attorneys' fees, costs, and an ongoing royalty to Bard.⁶⁴ The jury awarded Bard damages exceeding \$185 million plus an ongoing royalty.⁶⁵ The district court then doubled the damages increasing Bard's award to approximately \$371 million and awarded \$19 million in attorneys' fees and other non-taxable costs.⁶⁶ With interest, fees, and

57. *Uniloc USA, Inc. v. Microsoft Corp.*, 632 F.3d 1292, 1310 (Fed. Cir. 2011).

58. *Bard Peripheral Vascular, Inc. v. W.L. Gore & Assoc., Inc.*, 682 F.3d 1003, 1006 (Fed. Cir. 2012).

59. U.S. Patent No. 6,436,135 (filed Oct. 24, 1974).

60. *Bard Peripheral Vascular, Inc. v. W.L. Gore & Assoc., Inc.*, 670 F.3d 1171, 1176–77 (Fed. Cir. 2012), *opinion vacated in part on reconsideration*, 682 F.3d 1003 (Fed. Cir. 2012), *cert. denied*, 133 S. Ct. 932 (2013) and *vacated in part on reh'g en banc*, 476 F. App'x 747 (Fed. Cir. 2012), *cert. denied*, 133 S. Ct. 932 (2013).

61. *Id.* at 1177.

62. *Id.* at 1176, 1194. The '135 patent was filed in 1974 after pending for 28 years before the Patent and Trademark Office including two appeals to the Federal Circuit. *Id.*

63. *Id.* at 1177–78.

64. *Id.* at 1175.

65. *Id.* at 1178.

66. *Id.*

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ongoing royalties, the potential award has risen to over \$900 million.⁶⁷

In February 2012, a Federal Circuit panel, with Judge Gajarsa writing for the majority, affirmed all judgments of the district court, including willful infringement and enhancement of damages, finding substantial evidence to satisfy both *Seagate* prongs.⁶⁸ However, allowing the jury to evaluate the reasonableness of the joint inventorship and obviousness defenses was in direct conflict with *Powell*, which only three months earlier declared the judge had sole discretion over questions of law.⁶⁹

Gore petitioned for a panel rehearing and an en banc rehearing, challenging the willfulness determination. The Federal Circuit en banc, while denying full review, largely affirmed the jury's verdict and found that the district court did not abuse its discretion by awarding enhanced damages, attorneys' fees, costs, and an ongoing royalty, but granted a rehearing "for the limited purpose of authorizing the panel to revise the portion of its opinion addressing willfulness."⁷⁰

B. Majority

Judge Gajarsa, again writing for the majority, determined that the trial court failed to consider the objective prong of the willfulness analysis as a separate requirement to the subjective prong, and as a result, vacated the trial court's willfulness analysis.⁷¹

Even in cases after *Seagate* that continually recited the proposition that willfulness ultimately presents a question of fact, the Federal Circuit has begun to realize that the issues in dispute are often far more complex, and often include interwoven questions of law.⁷² In determining the appropriate standard to be applied to the first *Seagate* prong, the decision to label the issue a question of law, question of fact, or mixed question of law and fact "is sometimes as much a matter of allocation as it is of analysis."⁷³ However, the Federal Circuit had yet to be called upon to delineate the objective recklessness prong until this case.⁷⁴

67. Stohr & Decker, *supra* note 1.

68. *Bard*, 670 F.3d.

69. Gallagher, *supra* note 2, at 7. Subsequent to Gore's appeal brief being submitted, but before a decision was issued, the Federal Circuit handed down *Powell* involving two issues of law, a preliminary injunction and inequitable conduct.

70. *Bard Peripheral Vascular, Inc. v. W.L. Gore & Associates, Inc.*, 476 F. App'x 747, 748 (Fed. Cir. 2012), *cert. denied*, 133 S. Ct. 932 (2013).

71. *Bard Peripheral Vascular, Inc. v. W.L. Gore & Assoc., Inc.*, 682 F.3d 1003, 1005 (Fed. Cir. 2012).

72. *Id.* at 1006.

73. *Id.* (quoting *Miller v. Fenton*, 474 U.S. 104, 113–14 (1985)).

74. *Id.*

Considering the objective prong of *Seagate*, the judge may allow the jury to determine the underlying facts when the question is one of fact or a mix of law and of fact, such as anticipation or obviousness.⁷⁵ “[W]hether a reasonable person would have considered there to be a high likelihood of infringement of a valid patent should always be decided as a matter of law by the judge.”⁷⁶

While the ultimate question of willfulness based on an assessment of the second prong of *Seagate* may be a question of fact, *Seagate* also requires a threshold determination of objective recklessness. That determination entails an objective assessment of potential defenses based on the risk presented by the patent. Those defenses may include questions of infringement but also can be expected in almost every case to entail questions of validity that are not necessarily dependent on the factual circumstances of the particular party accused of infringement.⁷⁷

The majority determined that the court is in the best position to make the reasonableness determination.⁷⁸ Additionally, the threshold objective prong of willful infringement stated in *Seagate*, “even though predicated on underlying mixed questions of law and fact, is best decided by the judge as a question of law subject to *de novo* review.”⁷⁹

Looking back to *Powell*, when a non-infringement defense is based upon a purely legal theory, such as claim construction, the objective recklessness analysis is conducted by a judge.⁸⁰ When the objective recklessness depends upon factual issues, such as anticipation or obviousness, the judge remains the final arbiter in deciding whether a defense was reasonable, even if the jury answers factual questions.⁸¹ Furthermore, even if factual issues are present, the ultimate question of objective recklessness is “to be determined by the court, either on a pretrial motion for partial summary judgment or on a motion for judgment as a matter of law at the close of the evidence and after the jury verdict.”⁸²

As a result, the Federal Circuit panel remanded the issue of willfulness so the trial court could reconsider its denial of judgment as a matter of law in light of the holding.⁸³

75. *Id.* at 1008.

76. *Id.*

77. *Id.* at 1006.

78. *Id.*

79. *Id.* at 1007.

80. *Id.*

81. *Id.*

82. *Id.* (quoting *Warner-Jenkinson Co., Inc. v. Hilton Davis Chem. Co.*, 520 U.S. 17, 40–41 (1997)).

83. *Id.* at 1005.

C. Dissent

Judge Newman dissented in part, finding that the general guide for willful infringement allowing for multiplication of damages is whether the alleged infringer acted both unreasonably and with knowledge that their actions were infringing a patent.⁸⁴ Finding that the Federal Circuit “now acts to correct its ruling on the subject of willful infringement,” Judge Newman felt that remand was unwarranted due to the laundry list of potentially relevant facts that Gore could have relied on to form a reasonable belief that the ’135 patent would be invalidated.⁸⁵ This would have allowed Gore to continue to produce the Gore-Tex grafts as the company had done for the 28 years when the patent was pending.⁸⁶

Judge Newman did not find that Gore was sufficiently culpable to discretionarily enhance the damages.⁸⁷ Moreover, since Gore’s defenses were relevant to the willfulness analysis, Judge Newman felt that the Federal Circuit should consider the issues of invalidity and inventorship, and order retrial of the entire case only if appropriate in the interest of justice.⁸⁸

IV. DISCUSSION

Only five years after the Federal Circuit’s en banc *Seagate* decision, the Federal Circuit significantly altered the legal landscape concerning willful patent infringement, holding that the objective recklessness prong is a question of law decided by the trial judge.⁸⁹ However, unlike *Seagate*, the Federal Circuit provided guidance to aid future litigants.

Bard v. W.L. Gore was correctly decided because the thoughtful shift from jury to judge (1) reinforces the trend of related precedent, (2) aligns willfulness within the enhanced damages framework, (3) enables judges, who are better suited, to determine objective recklessness as a matter of law, (4) aids in trial management by reducing expensive litigation resources, and (5) unifies precedent by utilizing de novo review.

84. *Id.* at 1009 (Newman, J., dissenting).

85. *Id.* These facts include (1) the USPTO previously ruled and the Federal Circuit affirmed that Gore’s employee Cooper was the first to conceive the patented invention; (2) Cooper provided the tube which Goldfarb later patented; (3) Goldfarb tested the tubes on dogs at Cooper’s request; and (4) others previously tested the Gore-Tex tubes in dogs and sheep reporting and publishing results that Goldfarb later patented. *Id.*

86. *Id.*

87. *Id.*

88. *Id.*

89. Gallagher, *supra* note 2, at 2.

A. Reinforces the Trend of Precedent

Bard is precedentially aligned within the context of willfulness, patent law, and prior Supreme Court decisions both in substance and form. *Bard*'s well-reasoned opinion draws strength from precedent both within and outside of the patent law context.

Bard is consistent with the prior trend of case law addressing willfulness. While the Federal Circuit stated in 1991 that willfulness was a question of fact,⁹⁰ this position has been deeply eroded by more recent cases. *Seagate* abandoned the affirmative duty of care standard established by *Underwater Devices*, replacing it with a test comprised of both objective and subjective components.⁹¹ Courts have recognized the inherent difficulties with juries determining willfulness in the patent infringement context. In *Powell*, since both of the issues presented were questions of law, the court properly considered the objective prong.⁹² This expansion of the role of the court in considering objective recklessness further bolstered *Bard*'s shift.

Bard is consistent within patent law regarding objectively baseless claims, allowing courts to enhance damages and payment of attorneys' fees under § 285.⁹³ The Federal Circuit had previously ruled that the standard for objective baselessness allowing for § 285 damages is "identical to the objective recklessness standard for enhanced damages and attorneys' fees against an accused infringer for § 284 willful infringement actions under *Seagate*."⁹⁴ If a reasonable litigant would realistically expect a favorable outcome, then the suit is immune from § 285 damages. Likewise, the objective recklessness prong of *Seagate* is not met where a reasonable litigant would not have expected that their actions constituted an "objectively high likelihood that its actions constituted infringement of a valid patent."⁹⁵

Bard is consistent within the patent law context because it advances the role of the judge, aligning it with the Supreme Court's 1996 decision in *Markman v. Westview Instruments*. Justice Souter, writing for a unanimous Court, stated that the construction and interpretation of patent claims is to be determined as a matter of law by the judge.⁹⁶ Similar to the reasoning in *Bard*, the Court in *Markman* found that a judge utilizing extensive legal training is better suited to construe patent

90. *Slimfold Mfg. Co., Inc. v. Kinkead Indus., Inc.*, 932 F.2d 1453, 1459 (Fed. Cir. 1991).

91. *In re Seagate Tech., L.L.C.*, 497 F.3d 1360, 1371 (Fed. Cir. 2007).

92. *Powell v. Home Depot U.S.A., Inc.*, 663 F.3d 1221, 1237 (Fed. Cir. 2011).

93. *Bard Peripheral Vascular, Inc. v. W.L. Gore & Assoc., Inc.*, 682 F.3d 1003, 1007 (Fed. Cir. 2012).

94. *Id.* (quoting *iLOR, L.L.C. v. Google, Inc.*, 631 F.3d 1372, 1377 (Fed. Cir. 2011)).

95. *In re Seagate*, 497 F.3d at 1371.

96. *Markman v. Westview Instruments, Inc.*, 517 U.S. 370, 372 (1996).

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claims than a jury.⁹⁷ The Supreme Court determined that “any credibility determinations will be subsumed within the necessarily sophisticated analysis of the whole document, required by the standard rule of construction that a term can be defined only in a way that comports with the instrument as a whole.”⁹⁸ Claim interpretation, based upon the language of the patent, is properly considered by the court.

Bard is also consistent with Supreme Court precedent concerning sham antitrust litigation, which like the willfulness standard enunciated by the Federal Circuit in *Bard*, includes a subjective prong that is considered only after the objective prong is fully satisfied.⁹⁹ Thus, in the two-prong sham test, the first prong considers whether the lawsuit is “objectively baseless in the sense that no reasonable litigant could realistically expect success on the merits.”¹⁰⁰ Similar to *Bard*, the Supreme Court decided that the objective reasonableness of the suit should be decided by the judge as a matter of law.¹⁰¹ The subjective prong concerning whether the lawsuit is an attempt to directly interfere with a competitor’s business relationships is not even considered if a judge determines the lawsuit was not objectively baseless as a matter of law.¹⁰²

As a result, *Bard* is consistent in substance by requiring both objective and subjective components, and in form by requiring that the subjective component only be considered after the objective component is fully satisfied. *Bard’s* alignment is further seen considering willfulness and enhanced damages.

B. Aligns Willfulness Within the Enhanced Damages Framework

Bard provides the necessary linkage between the language of § 284 and precedent on willfulness, while still maintaining a degree of separation by allowing the subjective component to only be considered after the objective component is fully satisfied.

The plain language of § 284, canons of statutory construction, and precedent demand that only the judge award enhanced damages. *Bard* helps to align the statutory language of the enhanced damages statute, § 284, with the Federal Circuit’s predicate requirement of willfulness.¹⁰³

97. *Id.* at 388–89.

98. *Id.* at 389.

99. *Prof'l Real Estate Investors, Inc. v. Columbia Pictures Indus., Inc.*, 508 U.S. 49, 60 (1993).

100. *Bard Peripheral Vascular, Inc. v. W.L. Gore & Assoc., Inc.*, 682 F.3d 1003, 1007 (Fed. Cir. 2012) (citing *Prof'l Real Estate Investors*, 508 U.S. at 60).

101. *Prof'l Real Estate Investors*, 508 U.S. at 63.

102. *Id.* at 60.

103. See David Crouch, *Enhanced Damages: The Seagate Objectively Reckless Standard Is Now a Question of Law to be Decided by a Judge and Reviewed De Novo on Appeal*, PATENTLY-O (Jun. 18,

The plain language of § 284 recognizes that the court, not the jury, shall determine the enhancement of damages stating, “[w]hen the damages are not found by a jury, the court shall assess them. In either event the *court* may increase the damages up to three times the amount found or assessed.”¹⁰⁴

Canons of statutory construction provide further support. *Expressio unius est exclusio alterius*, meaning “the express mention of one thing excludes all others,” as applied to § 284 conveys that only the court may increase damages. Since § 284 differentiates between jury and court, each term is exclusive of the other. The drafter’s intentional distinction demonstrates that the drafters expressly delegated to the court, not the jury, the ability to enhance damages.¹⁰⁵ Courts should not presume that this difference is due to a simple drafting mistake.¹⁰⁶

Additionally, when statutes are read *in pari materia*, the same words must be given the same meaning in related statutes “as if they were one law.”¹⁰⁷ The Supreme Court found “[t]he rule of *in pari materia*—like any canon of statutory construction—is a reflection of practical experience in the interpretation of statutes: a legislative body generally uses a particular word with a consistent meaning in a given context.”¹⁰⁸ When the statute’s components are read together, the distinction between jury and court must be given meaning. Likewise, “[w]here Congress includes particular language in one section of a statute but omits it in another section of the same Act, it is generally presumed that Congress acts intentionally and purposely in the disparate inclusion or

2012), <http://www.patentlyo.com/patent/2012/06/enhanced-damages-the-seagate-objectively-reckless-is-now-a-question-of-law-to-be-decided-by-a-judge-and-reviewed-de-novo-on.html>.

104. 35 U.S.C. § 284 (2012) (emphasis added).

105. Nat’l R. R. Passenger Corp. v. Nat’l Ass’n of R. R. Passengers, 414 U.S. 453, 458 (1974).

A frequently stated principle of statutory construction is that when legislation expressly provides a particular remedy or remedies, courts should not expand the coverage of the statute to subsume other remedies. ‘When a statute limits a thing to be done in a particular mode, it includes the negative of any other mode.’ This principle of statutory construction reflects an ancient maxim—*expressio unius est exclusio alterius*.

Id. (internal citations omitted).

106. *Russello v. United States*, 464 U.S. 16, 23 (1983).

107. *United States v. Freeman*, 44 U.S. (3 How.) 556, 564 (1845).

The correct rule of interpretation is, that if divers statutes relate to the same thing, they ought all to be taken into consideration in construing any one of them, and it is an established rule of law, that all acts *in pari materia* are to be taken together, as if they were one law. If a thing contained in a subsequent statute be within the reason of a former statute, it shall be taken to be within the meaning of that statute; and if it can be gathered from a subsequent statute *in pari materia*, what meaning the legislature attached to the words of a former statute, they will amount to a legislative declaration of its meaning, and will govern the construction of the first statute.

Id. (internal citations omitted).

108. *Erlenbaugh v. U. S.*, 409 U.S. 239, 243 (1972).

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exclusion.”¹⁰⁹

The Fifth Circuit, prior to the creation of the Federal Circuit, correctly determined that substituting “judge or jury” for the word “court,” results in the paragraph reading “nonsensically: ‘[w]hen the damages are not found by a jury, the [jury or judge] . . . shall assess them.’”¹¹⁰ The Fifth Circuit recognized that manipulating the statute results in unreasonable and unintentional results. Similarly, the Federal Circuit has stated “the extent of the enhancement . . . is committed to the discretion of the trial court.”¹¹¹

The problem pre-*Bard* is that, according to § 284, enhanced damages are determined by the court,¹¹² while prior Federal Circuit jurisprudence stated that willfulness was a question of fact decided by the jury.¹¹³ These two determinations fail to coincide. Allowing the threshold determination of willfulness to be determined by a judge, while allowing the jury to complete the subjective prong provides the necessary linkage in language.

Bard also provides the necessary separation between the objective recklessness prong, determined by a judge, from the subjective knowledge prong, decided by the jury. Before *Bard*, if the issue was a question of fact, the jury would still decide both the subjective and objective components. This failed to comport with § 284 requiring the court to assess enhanced damages.

C. Enables Better Positioned Judges to Make the Determination

Bard was correctly decided because the court is best positioned to make a threshold determination of objective recklessness as opposed to a jury, enabling an improved allocation of decision-making authority:

When an ‘issue falls somewhere between a pristine legal standard and a simple historical fact, the fact/law distinction at times has turned on a determination that, as a matter of sound administration of justice, one judicial actor is better positioned than another to decide the issue in question.’¹¹⁴

While juries are generally better positioned to make objective

109. *Russello*, 464 U.S. at 23 (1983) (quoting *United States v. Wong Kim Bo*, 472 F.2d 720, 722 (5th Cir. 1972)).

110. *Swofford v. B & W, Inc.*, 336 F.2d 406, 412 (5th Cir. 1964).

111. *Read Corp. v. Portec, Inc.*, 970 F.2d 816, 826 (Fed. Cir. 1992).

112. 35 U.S.C. § 284 (2012).

113. *See Bard Peripheral Vascular, Inc. v. W.L. Gore & Assoc., Inc.*, 682 F.3d 1003, 1006 (Fed. Cir. 2012).

114. *Id.* (citing *Miller v. Fenton*, 474 U.S. 104, 114 (1985)).

determinations,¹¹⁵ the technical nature of patents makes patent law distinct. As a unanimous Supreme Court in *Markman* stated, “judges, not juries, are the better suited to find the acquired meaning of patent terms.”¹¹⁶ Patent claims have become highly technical and complicated partially due to the special doctrines dealing with patent form and scope developed by courts and the Patent Office.¹¹⁷ In addition to the increasing complexity of technology, perverse incentives exist for patent attorneys to craft claims that allow for the greatest coverage for their clients while still narrow enough to be valid. This in turn muddied the waters resulting in greater complexity for all parties involved.

Judicial predictability is crucial for uniform precedent and sound business decision-making. Judges, as opposed to juries, are more likely to make predictable determinations of willful patent infringement.¹¹⁸ Judges, due to their legal training, are better suited to separate subjective inquiry facts from objective inquiry facts, such as knowledge of the patent or copying on the part of the infringer.¹¹⁹ A jury lacks the experience acquired from years of sitting on the bench in determining which actions constitute objective recklessness.¹²⁰ A juror would find it difficult to evaluate “objective recklessness” and the reasonableness of many invalidity and non-infringement defenses presented.¹²¹ This precise rationale persuaded the Supreme Court in *Markman*.¹²²

Critics of *Bard* state that this new willfulness standard could morph into a “double-edged sword,” since once the trial judge determines that the infringer acted objectively reckless, the jury will then be hard pressed to not return a verdict of willfulness.¹²³ As a result, when the jury considers the subjective *Seagate* prong, their inquiry could largely be shaped by the judge’s upfront determination.¹²⁴ This game of follow

115. An example would be the reasonableness of a defense. *Bard*, 682 F.3d at 1007.

116. *Markman v. Westview Instruments, Inc.*, 517 U.S. 370, 388 (1996).

117. *Id.* at 389.

118. Sanford E. Warren Jr. & Andrew F. Quecan, *Willful Patent Infringement after Bard: Less Likely Now*, IRMI (July 2012), <http://www.irmi.com/expert/articles/2012/warren07-intellectual-property-law.aspx>.

119. Marc C. Segal, *Tell it to the Judge, Federal Circuit Rules The Judge—Not Jury—Decides Threshold Issue of Willful Infringement in Patent Cases*, BALLARD SPAHR, LLP (July 9, 2012, 11:46 AM), <http://www.lexisnexis.com/community/patentlaw/blogs/patentgrantsandlawsuits/archive/2012/07/09/ballard-spahr-llp-tell-it-to-the-judge-federal-circuit-rules-the-judge-not-jury-decides-threshold-issue-of-willful-infringement-in-patent-cases.aspx>.

120. Gallagher, *supra* note 2, at 5.

121. *Id.*

122. *Markman*, 517 U.S. at 388–90.

123. Gallagher, *supra* note 2, at 2.

124. PLC Intell. Prop. & Tech., *Objective Recklessness for Willful Patent Infringement Is a Matter of Law: Federal Circuit*, PRACTICAL LAW COMPANY (June 18, 2012), <http://us.practicallaw.com/1-519-9071?source=relatedcontent#null>.

the leader could result in the jury potentially rubber stamping the judge's objective determination of the first *Seagate* willfulness prong, without even giving much thought to the second subjective prong of the analysis.

Even if a jury fails to perform a complete analysis of *Seagate's* second prong, allowing the judge to determine the first prong of objective recklessness is still preferred. In the past, juries sometimes incorporated facts that only should pertain to the subjective prong into the objective prong analysis.¹²⁵ The average juror would find it difficult to properly allocate the evidence to the appropriate prong, even if the juror understood the plain language of the subjective and objective prongs. For example, if the jury was presented substantial evidence that the accused infringer knowingly copied the product, the jury would have a hard time considering the required objective obviousness prong knowing such evidence. The jury's analysis would likely encompass the fact that the infringer knowingly copied, even though evidence of knowledge should not be considered under the objective prong. This poses a problem since under *Seagate*, both prongs must be met before a finding of willfulness can be concluded. Allowing the court to decide the objective recklessness prong as a matter of law eliminates this problem and properly allocates the decision-making authority to those best suited.

Many times, patent defenses are based upon subtleties and scientific distinctions that might be difficult to grasp without significant experience and advanced education. With a judge determining the objective prong, evidence related to the reasonableness of the alleged infringer's defenses will not be summarily dismissed due to being overly complex. For example, most courts bar reexamination¹²⁶ evidence from being considered by the jury due to the varied requirements on burden of proof and relevancy.¹²⁷ Therefore, if a litigant could not properly frame the evidence, or if the court excluded the evidence out of fear of misrepresentation, valuable aspects of the case would never be considered at trial.

An important consideration is whether a judge or jury is more likely to determine that willful infringement occurred, and whether evidence supporting or rejecting objective recklessness is viewed differently when

125. Segal, *supra* note 119.

126. See generally U.S. PATENT AND TRADEMARK OFFICE, MANUAL OF PATENT EXAMINING PROCEDURE § 2246 (2012). Reexamination is a procedure through which a granted patent is reevaluated by the Patent and Trademark Office. A reexamination request can be submitted by anyone, and the key question is whether the prior art raises a "substantial new question of patentability of at least one claim." *Id.*

127. Cislo & Thomas, LLP, *Federal Circuit Changes Willful Patent Infringement Analysis*, <http://cisloandthomas.com/319> (last visited Aug. 27, 2013).

a judge, as opposed to a jury, is the decision maker.¹²⁸ A 2012 empirical study analyzed the effect of *Seagate* by looking at willful patent infringement cases for three years preceding and three years following *Seagate*.¹²⁹ The analysis found that pre-*Seagate*, a jury found willfulness in 61% of the cases while a judge found willfulness in 54% of the cases.¹³⁰ Post-*Seagate*, a jury found willfulness in 62% of the cases while a judge found willfulness in only 19% of the cases.¹³¹ While the jury's likelihood of finding willfulness did not change according to the study, the judge's likelihood of finding willfulness significantly diminished.¹³² Since judges find willfulness in fewer circumstances, as the study suggests,¹³³ this shift of the objective recklessness prong of *Seagate* will likely have profound impact upon litigants.

The empirical studies considering the effect of judge and jury lend credence to the proposition that a jury might fail to consider both prongs of *Seagate* in their analysis, possibly even going by their gut feeling on whether infringement was willful. Since *Seagate* imposes a higher burden on the patent owner, successful verdicts of willful infringement should drop both when the judge is the decision maker and when the jury is the decision maker. However, this was not the case. The more rigid two-pronged *Seagate* test did not have a statistically significant effect upon the jury's determination of willfulness.¹³⁴ This suggests that, after the jury determines that the patent was merely infringed, the rubber-stamping so feared by critics of *Bard* occurs post-*Seagate* despite the more rigid *Seagate* formula.¹³⁵

Some juries fail to understand the higher burden imposed to determine willful infringement rather than just simple infringement. This is partially due to the complex jury instructions. The Model Patent Jury Instructions, created by the National Jury Instruction Project, require the reading level of a college senior, so many jurors may fail to understand the complicated requirements placed upon them in

128. Gallagher, *supra* note 2, at 5.

129. Christopher B. Seaman, *Willful Patent Infringement and Enhanced Damages After In Re Seagate: An Empirical Study*, 97 IOWA L. REV. 417, 417 (2012).

130. *Id.* at 445.

131. *Id.*

132. *Id.* Since the jury found willfulness in 60.9% of cases before *Seagate* and 61.9% after *Seagate*, using a Pearson's chi-squared test, this result was not found to be statistically significant. *Id.*

133. *Id.*

134. *Id.* at 420.

135. Martin Bader & Bill Blonigan, *Courts to Play Greater Role Moderating Enhanced Damages for Willful Patent Infringement*, JDSUPRA LAW NEWS (Jul. 3 2012), <http://www.jdsupra.com/legalnews/courts-to-play-greater-role-moderating-e-24094>.

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deliberation.¹³⁶ Since the judge determines objective recklessness, evidence related to the alleged infringer's state of mind and subjective intent will no longer taint this threshold objective determination.¹³⁷ Jurors can then freely evaluate whether the infringer knew or should have known that their actions constituted infringement. Allowing the court to consider the objective prong and the jury to consider the subjective prong provides for a better allocation of decision-making authority.

Judges, recognizing that the jury fails to complete the entire *Seagate* two-pronged test, do not automatically award enhanced damages once the jury finds willfulness. A 1983–2000 study, conducted by Kimberly Moore, found that when judges made a determination of willfulness, enhanced damages were awarded 95% of the time, but when a jury made a determination of willfulness, enhanced damages were only awarded 63% of the time.¹³⁸ After *Seagate*, juries found willfulness 62% of the time while judges only 19% of the time, this partially diminishes the importance of the decision maker.¹³⁹ However, this shift of the objective recklessness prong of *Seagate* will still have profound impact upon litigants.

D. Aids in Trial Management

Bard will aid in trial management, allowing for more efficient use of judicial resources and simplification of judicial proceedings. This change effectively makes the trial judge the gatekeeper for allegations of willful infringement, by allowing the question to reach the jury only after the alleged infringer demonstrated, by clear and convincing evidence, objective recklessness as a matter of law, as determined by a judge.¹⁴⁰ Only then will the jury determine the alleged infringer's subjective intent and whether the party knew or should have known that their actions constituted patent infringement.

Commentators correctly believe this new standard will make it more difficult for a patentee to demonstrate that the infringer acted objectively

136. Seaman, *supra* note 129, at 448. When the Model Patent Jury Instructions were tested against the Flesch-Kincaid Grade Level test using the readability feature in Microsoft Word, the program returned 15.8 which translates to 15.8 years of education, with 12.0 meaning a high school graduate having eight years of grade school and four years of high school education can read and comprehend the document. *Id.*

137. Gallagher, *supra* note 2, at 8.

138. Kimberly A. Moore, *Judges, Juries, and Patent Cases—An Empirical Peek Inside the Black Box*, 99 MICH. L. REV. 365, 394 (2000).

139. Seaman, *supra* note 129, at 445.

140. Gallagher, *supra* note 2, at 2.

reckless.¹⁴¹ The judge evaluating the objective threshold prong of *Seagate* empowers courts to more actively assess allegations of willful patent infringement prior to trial.¹⁴² Since *Seagate* was decided, many courts have granted summary judgment determining that the objective prong of willful infringement was not met, and *Bard* will accelerate this trend.¹⁴³ While there are drawbacks to any approach, the ability to dispose of willfulness prior to trial has its clear advantages.

Bard will likely result in more settlements since both sides have a better understanding of the likely litigation outcome concerning willfulness.¹⁴⁴ The judge deciding the first prong removes uncertainty and narrows the range of expected damages. For example, if a judge determines that the alleged infringer was not objectively reckless under *Seagate*, the two parties will have far greater certainty concerning a potential range of damages, since enhanced damages are off the table unless appealed.¹⁴⁵ The patent holder would also likely know that this is an unexceptional case resulting in a denial of attorneys' fees under § 285. This certainty helps potential litigants determine whether they should settle or proceed to trial.¹⁴⁶ Both plaintiffs and defendants desire greater certainty, especially when the damage award greatly influences their balance sheet. As a result, litigants might decide that it makes better business sense to settle rather than face an expensive trial if both parties know the likely outcome. There would be little incentive to incur further attorneys' fees and the loss of productivity of corporate managers from aiding the attorneys with the trial.

Disposing of litigations by settlement frees up judicial resources from an overburdened court system. In some instances, litigants may possibly abandon their infringement action if the damage award does not economically justify the risk and cost of litigation. On the other hand, if a judge determines that the alleged infringer was objectively reckless, this would also narrow the range of expected damages potentially bringing the sides together. Either way, the judge determining the objective recklessness prong closes the gap of expected damages likely resulting in more settlements due to greater certainty.¹⁴⁷

141. See, e.g., Christopher Mays, *Federal Circuit Overhauls Willful Patent Infringement Test*, LEXOLOGY (Aug. 9, 2010), <http://www.lexology.com/library/detail.aspx?g=2c2945d2-b8bd-4dcf-a706-ab7ce4d0b446>.

142. Shane Olafson, *Standard Clarified for Willful Patent Infringement: Objective Prong Is a Question of Law for the Judge*, JDSUPRA LAW NEWS (July 5, 2012), <http://www.jdsupra.com/legalnews/standard-clarified-for-willful-patent-in-07540>.

143. *Id.*

144. Warren, Jr. & Quecan, *supra* note 118.

145. See Olafson, *supra* note 142.

146. *Id.*

147. See *id.*

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Critics believe this change from jury to judge might also complicate trials, by possibly requiring a separate hearing to consider willfulness.¹⁴⁸ If the objective recklessness analysis turns squarely on questions of fact, such as the reasonableness of an anticipation or obviousness defense, the judge could wait until after the jury renders their verdict under the subjective prong of the *Seagate* analysis.¹⁴⁹ Critics feel a *Markman* style hearing¹⁵⁰ may not present the best avenue if the defense is purely fact based or contains both questions of law and fact.¹⁵¹ As a result, courts may have to determine the question on a partial summary judgment motion or later as a judgment as a matter of law.¹⁵²

While trial complications are clearly undesired, *Bard* will not complicate litigation. Instead, *Bard* will allow judges to streamline the proceedings by determining what factual issues should be sent to the jury.¹⁵³ If the objective recklessness prong turns squarely on a question of law, a court can use a *Markman* style hearing to resolve the issue.¹⁵⁴ This hearing would clarify the factual issues for the jury, so the jury can better focus on whether the alleged infringer knew or should have known of the risk.¹⁵⁵ This approach would create much needed efficiencies in the court system and preserve scarce judicial resources,

148. Audrey A. Millemann, *Willful Patent Infringement Now Harder to Prove*, THE IP LAW BLOG (Sept. 12, 2012), <http://www.theiplawblog.com/archives/-patent-law-willful-patent-infringement-now-harder-to-prove.html>.

149. Quinn Emanuel Urquhart & Sullivan LLP, *Federal Circuit Establishes New Rule for Proving Willful Infringement: Bard Peripheral Vascular, Inc. v. W.L. Gore & Associates, Inc.*, JDSUPRA LAW NEWS (Aug. 23, 2012), <http://www.jdsupra.com/legalnews/federal-circuit-establishes-new-rule-for-29158>.

150. *Phillips v. AWH Corp.*, 415 F.3d 1303, 1332 (Fed. Cir. 2005). The Federal Circuit stated that

[d]uring so called *Markman* ‘hearings,’ which are often longer than jury trials, parties battle over experts offering conflicting evidence regarding who qualifies as one of ordinary skill in the art; the meaning of patent terms to that person; the state of the art at the time of the invention; contradictory dictionary definitions and which would be consulted by the skilled artisan; the scope of specialized terms; the problem a patent was solving; what is related or pertinent art; whether a construction was disallowed during prosecution; how one of skill in the art would understand statements during prosecution; and on and on.

Id.

151. Mark E. McGrath, *Is a Defendant a Willful Patent Infringer? Trial Courts Must Decide Whether the Actions Are Objectively Reasonable*, THE METROPOLITAN CORPORATE COUNSEL (June 23, 2012, 10:06 AM), <http://www.jdsupra.com/legalnews/is-a-defendant-a-willful-patent-infringe-18194>.

152. *Bard Peripheral Vascular, Inc. v. W.L. Gore & Assoc., Inc.*, 682 F.3d 1003, 1007 (Fed. Cir. 2012).

153. PLC, *supra* note 124.

154. Quinn, *supra* note 149.

155. Mark Supko, *Patent Law Alert: Willful Infringement Requires a Threshold Judicial (Not a Jury) Finding of Objective Recklessness*, CROWELL & MORING, LLP (June 18, 2012), <http://www.crowell.com/NewsEvents/AlertsNewsletters/all/Patent-Law-Alert-Willful-Infringement-Requires-A-Threshold-Judicial-Not-A-Jury-Finding-Of-Objective-Recklessness>.

all while reducing the costs for litigants.¹⁵⁶ Some critics may feel that jurors should see the entire infringer's case and make their decision accordingly, without the judge simplifying and condensing the jury questions. While this might seem great in theory, this would result in unnecessary juror confusion possibly tainting the trial's outcome in reality.

E. Unifies Precedent by Utilizing De Novo Review

Bard's utilization of de novo review unifies precedent. Since the objective prong of the *Seagate* willfulness analysis is a question of law decided by the judge, even if the issue presents mixed questions of law and fact, the appeal is subject to de novo review.¹⁵⁷ The Federal Circuit will now review, without deference, all evidence supporting or rejecting objective recklessness by the alleged infringer. De novo review unifies precedent by allowing independent review necessary for appellate courts to clarify and maintain control of legal principles.¹⁵⁸

Bard provides litigants more certainty in anticipating outcomes.¹⁵⁹ Additionally, upfront business driven litigation choices can be pursued without the constant fear of a coin toss outcome. "Requiring the application of law, rather than a decisionmaker's caprice, does more than simply provide citizens notice of what actions may subject them to punishment; it also helps to assure the uniform general treatment of similarly situated persons."¹⁶⁰ Critics believe that since the case is reviewed without deference, an unlucky litigant at trial could obtain a second chance with the Federal Circuit. However, the Federal Circuit, keenly aware of this trick, will not allow it to upset the balance of power. In cases where warranted, this will allow the Federal Circuit to fix an erroneous decision.

Utilization of de novo review will affect the litigant's trial strategy and preparation. Because of the new de novo standard of review for objective recklessness, the alleged infringer must be keenly vigilant to preserve all defenses and claim construction arguments for appeal.¹⁶¹ After *Bard*, the alleged infringer must make sure all pre-verdict and post-verdict motions seen in F.R.C.P. 50(a) and F.R.C.P. 50(b) are preserved and not waived, including non-infringement and invalidity

156. McGrath, *supra* note 151.

157. *Bard*, 682 F.3d at 1006–07.

158. *Id.* at 1007 (citing *Ornelas v. United States*, 517 U.S. 690, 697–98 (1996)).

159. See Olafson, *supra* note 142.

160. *BMW of N. Am., Inc. v. Gore*, 517 U.S. 559, 587 (1996).

161. Gallagher, *supra* note 2, at 8.

defenses.¹⁶²

V. CONCLUSION

Bard v. W.L. Gore was correctly decided because the thoughtful shift from jury to judge (1) reinforces the trend of related precedent, (2) aligns willfulness within the enhanced damages framework, (3) enables judges, who are better suited, to determine objective recklessness as a matter of law, (4) aids in trial management by reducing expensive litigation resources, and (5) unifies precedent by utilizing de novo review.

Bard's change in making the court the gatekeeper for willful patent infringement allegations as well as *Bard's* effect on de novo reviews will greatly impact both litigants' strategies. Moreover, *Bard* will help patent holders, such as Apple and Samsung, more efficiently manage their massive patent portfolios.

Since the judge now determines the objective recklessness prong as a matter of law, patent holders have a better understanding prior to trial of whether enhanced damages are obtainable.¹⁶³ With a smaller range of potential damages, regardless of whether objective recklessness is satisfied or not, business executives can make more informed decisions, including settlement and dismissal of the lawsuit.¹⁶⁴ As a result, some non-practicing entities that extract payments from apparent infringers may have to reevaluate their business model.¹⁶⁵

While *Bard's* new standard will make it more difficult for a patentee to demonstrate that the infringer acted objectively reckless, this will not likely affect the percentage of patent holders that include accusations of willful patent infringement in their lawsuit, since as *Bard* showed, this could equate to hundreds of millions of dollars, resulting in fortune or bankruptcy for both the patent holder and investors.

162. *Id.*

163. *Id.*

164. *Id.*

165. *Id.*