Federal Circuit Rules Objective Prong of Willfulness Test to be a Question of Law

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On Thursday, June 14, 2012, the Federal Circuit issued an opinion in *Bard Peripheral Vascular Inc. v. W.L. Gore & Associate Inc.*, setting forth a new standard for determining the objective prong of the willfulness test. The three judge panel ruled that the objective prong of the willfulness standard is a question of law determined by a judge and is subject to *de novo* review.

In *Bard*, defendant Gore appealed from a judgment of the U.S. District Court for the District of Arizona where the jury awarded damages on a finding of willful infringement by Gore. The district court enhanced damages based on the willfulness finding. On appeal, in February of this year, a Federal Circuit panel affirmed the district court’s decision finding that there was substantial evidence to support the jury’s finding of willful infringement. The panel made their decision on the basis that a determination of willful infringement is a question of fact that must be established by clear and convincing evidence and is reviewed for substantial evidence. Upon reconsideration, the *en banc* court authorized the panel to revise its prior decision on willfulness, and establish a new standard for determining the objective prong of the *Seagate* willfulness test.

A two prong test was established in *In re Seagate* for making a determination of willful infringement. *In re Seagate Tech. LLC*, 497 F.3d 1360, 1371 (Fed. Cir. 2007)(*en banc*). The first prong of the *Seagate* test requires a patentee to show by “clear and convincing evidence that the infringer acted despite an objectively high likelihood that its actions constituted infringement of a valid patent.” *Id.* Once this objective prong is satisfied, then “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.” *Id.* Both prongs of the test have long been treated as questions of fact.

In the newly issued *Bard* opinion authored by Judge Gajarsa, the court held that the two prongs should have different legal standards. The threshold determination of objective recklessness was held to involve mixed questions of law and fact that should be decided as a matter of law by the judge, while the subjective prong is a question of fact decided by the jury.

The Federal Circuit explained that the determination of objective recklessness involves an evaluation of potential defenses of non-infringement or invalidity that can be purely legal or dependent on underlying facts. Accordingly, the court explained that when judges consider the objective recklessness prong they may allow the jury to determine underlying facts when relevant to a defense that is a question of fact or a mixed question of law and fact. However “the ultimate legal question of whether 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.” Based on the clarification of the legal standard, the court vacated its earlier opinion of willfulness and remanded the case to the district court to apply the new standard to willful infringement.
Judge Newman, concurring in the vacatur and dissenting in the remand, disagreed with the decision to remand the case to the district court. She found enough facts related to inventorship and anticipation existed such that Gore could reasonably have believed that Bard’s patent was invalid. Judge Newman concluded it would be apparent from those facts that willful infringement was not supported and therefore remand is unnecessary.