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# Intellectual Property Law Alert

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## *KNORR-BREMSE CASE*

The Court of Appeals for the Federal Circuit, the court responsible for handling appeals of patent infringement cases, issued an opinion on September 13, 2004, overruling one of its own prior cases which has an effect on situations where an accused patent infringer either did not obtain a competent opinion of counsel regarding noninfringement, or chooses not to disclose such an opinion. The case is known as *Knorr-Bremse Systeme Fuer Nutzfahrzeuge GmbH v. Dana Corp.*, or more conveniently as *Knorr-Bremse*.

Prior to the *Knorr-Bremse* opinion, the law inferred that an opinion was unfavorable when the recipient refused to waive attorney client privilege and produce it. The Federal Circuit has now rejected this rule of law, and has held that no presumption of infringement may be inferred from a refusal to produce an opinion of counsel. The Court applied similar logic to further hold that no adverse presumption can be drawn from a party's failure to obtain an opinion.

The *Knorr-Bremse* case is particularly important in determining whether a party has engaged in "willful infringement," a doctrine that arises out of statute and out of the common sense notion that a party might engage in infringing acts that range from innocent or accidental, to deliberate or in reckless disregard of a patent owner's rights. Those that are deliberate or reckless fall within the scope of "willful infringement," which may entitle a patent owner to receive an award from the infringer of its legal fees, and damages may be increased by up to three times actual damages.

Although *Knorr-Bremse* reduces the risk of a party being a willful infringer if it fails to get an opinion or if it refuses to disclose it, this case does not alter the underlying obligation of a potential infringer to observe an affirmative duty of due care to avoid infringement of the known patent rights of others. Although the failure to obtain a competent opinion of counsel can no longer provide the basis of an adverse inference or evidentiary presumption that such an opinion would have been unfavorable, the court held that the question of willful infringement will be determined under the "totality of the circumstances." It may be difficult to avoid a finding of willful infringement under this test if you do not have a competent written opinion of counsel that you can rely on. Many cases suggest that oral opinions may not carry a lot of weight since memories fade or may be influenced by circumstance. Accordingly, we believe that obtaining a competent written opinion of counsel is likely to remain the best way to prove that you have engaged in efforts leading to a reasonable and good faith belief that you do not infringe someone else's patent. It remains our recommendation that you talk to patent counsel about any patent that you believe may be relevant to your current or future activities so that you can jointly consider the best action under the circumstances.

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