Georgia State University Law Review

Volume 34
Issue 2 *Winter 2017-18*

Article 3

2-21-2018

Who Determines What Is Egregious? Judge or Jury: Enhanced Damages After Halo v. Pulse

Brandon M. Reed
Georgia State University College of Law, breed10@student.gsu.edu

WHO DETERMINES WHAT IS EGREGIOUS? JUDGE OR JURY: ENHANCED DAMAGES AFTER *HALO V. PULSE*

Brandon M. Reed*

INTRODUCTION

Enhanced damages in patent law are a type of punitive damage that can be awarded in the case of "egregious misconduct" during the course of patent infringement.[1] Authorization for enhanced damages comes from 35 U.S.C. § 284, which allows the district court to increase total damages up to three times the amount of actual damages found by the jury.[2] It is well understood that, since enhanced damages are punitive in nature, enhancement should only be considered for cases of "wanton" or "deliberate" infringement.[3] However, determining what constitutes this "egregious" misconduct has vastly transformed over time to include a negligence standard, a

*J.D. Candidate 2018, Georgia State University College of Law. I would like to thank Professor Yaniv Heled whose advice influenced the creation and development of this topic. I would also like to thank the members of the Georgia State University Law Review for their outstanding editing. I would also like to thank my wife, Anna, for her love and support throughout law school. Finally, I would like to thank my son Harrison. Although he is still too young to know it, I will forever be grateful for his love and laughter during my third year of school.

1. *See* Halo Elecs., Inc. v. Pulse Elecs., Inc., 136 S. Ct. 1923, 1929 (2016) ("Courts of Appeals likewise characterized enhanced damages as justified where the infringer acted deliberately or willfully . . . ."); Power Integrations, Inc. v. Fairchild Semiconductor Int'l, Inc., 762 F. Supp. 2d 710, 722 (D. Del. 2011) ("Enhanced damages not only operate as a punitive measure against individual infringing defendants, but they also serve an overarching purpose as a deterrence of patent infringement.").

2. 35 U.S.C. § 284 (2012) ("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."). The term "treble damages" is used throughout case law due to the court's ability, by statute, to triple the amount of actual damages. *See Treble Damages*, BLACK'S LAW DICTIONARY (10th ed. 2014).

3. *See, e.g.*, *Halo*, 136 S. Ct. at 1932 (holding enhanced damages when the infringement was "willful, wanton, malicious, bad-faith, deliberate, consciously wrongful, flagrant, or—indeed—characteristic of a pirate"); Power Specialty Co. v. Connecticut Light & Power Co., 80 F.2d 874, 878 (2d Cir. 1936) ("There is no justification for punitive damages here as upon wanton, deliberate, and willful infringement."); Baseball Display Co. v. Star Ballplayer Co., 35 F.2d 1, 4 (3d Cir. 1929) ("[T]here should be allowed damages on them, proven to be in excess of profits and, because of the deliberate and willful infringement . . . .").

two-prong recklessness standard, and recently a court-discretion standard.[4]

In the 2007 *In re Seagate* decision, the Court of Appeals for the Federal Circuit sought to clarify what determined willful infringement, creating a two-part test for enhanced damages.[5] The first part of the *Seagate* test asked whether the infringer acted "despite an objectively high likelihood that its actions constituted infringement."[6] The second part asked whether, subjectively, "the risk of infringement 'was either known or so obvious that it should have been known to the accused infringer.'"[7] The Federal Circuit considered the test's objective prong a question of law for a judge, and considered the subjective prong a question of fact for the jury.[8]

Although *Seagate* guided district courts for nearly a decade, many opponents of the test considered the two-prong inquiry "unduly rigid," thus "insulating some of the worst patent infringers from any liability for enhanced damages."[9] As a result, the Supreme Court

4. *Halo*, 136 S. Ct. at 1933–34 (denying any rigid formula for determining enhanced damages and instead leaving the determination to the discretion of the district court); *In re* Seagate Tech., LLC, 497 F.3d 1360, 1370, 1384 (Fed. Cir. 2007) (en banc) (creating a two-prong test that requires first a showing of objective recklessness by the infringer, and then a subjective belief by the infringer of potential infringement), *abrogated by* Halo Elecs., Inc. v. Pulse Elecs., Inc., 136 S. Ct. 1923 (2016); Underwater Devices Inc. v. Morrison-Knudsen Co., 717 F.2d 1380, 1389 (Fed. Cir. 1983) (creating an "affirmative duty to exercise due care to determine whether or not he is infringing"), *overruled by In re* Seagate Tech., LLC, 497 F.3d 1360 (Fed. Cir. 2007).

5. *Halo*, 136 S. Ct. at 1930 (discussing the test created in *In re Seagate* to establish the case for willful infringement).

6. *Id.*

7. *Id.* (quoting *In re* Seagate Tech., LLC, 497 F.3d 1360, 1371) (Fed. Cir. 2007) (en banc)).

8. Sadao Kinsahi, *Seagate Objective-Reckless Standard is Question of Law to be Decided By Judge and Subject to De Novo Review*, WESTERMAN HATTORI DANIELS & ADRIAN, LLP (June 28, 2012), http://cafc.whda.com/2012/06/seagate-objective-reckless-standard-is-question-of-law-to-be-decided-by-judge-and-subject-to-de-novo-review/ [https://perma.cc/R2E4-CKGU] (summarizing that the Federal Circuit decision *In re Seagate* holds the subjective prong is a question of fact for the jury to decide, but the objective prong is purely a legal question to be determined by the judge). The determination that there were separate questions of law and fact was not inherent after *In re Seagate*. The Federal Circuit confirmed this assessment by stating "the objective determination of recklessness, even though predicated on underlying mixed questions of law and fact, is best decided by the judge as a question of law . . . ." Bard Peripheral Vascular, Inc. v. W.L. Gore & Assocs., Inc., 682 F.3d 1003, 1007 (Fed. Cir. 2012).

9. *Halo*, 136 S. Ct. at 1932; *see also* Colin Hendricks & David Breiner, *Patent Pirates Beware: Enhanced Damages after Halo*, BROWNWINICK (Aug. 18, 2016), http://www.brownwinick.com/news-blogs/intellectual-property-blog/patent-pirates-beware-enhanced-damages-after-halo.aspx

abrogated the test with its 2016 decision *Halo Electronics v. Pulse Electronics*.[10] Instead of creating a new test or determining how a judge or jury should decide whether enhanced damages are appropriate, the Supreme Court left the decision up to the discretion of the district courts.[11] With this decision, the two-part framework no longer provides instruction on who decides whether to award enhanced damages.[12] Without guidance on whether the judge or the jury determines whether to award enhanced damages, defendants will become increasingly uncertain of whether the court will find "egregious cases of misconduct" in "garden-variety cases" of infringement.[13] This Note discusses the impact of *Halo v. Pulse* on determining whether a judge or a jury decides whether willful, egregious misconduct justifies enhanced damages under 35 U.S.C. § 284.

Part I of this Note introduces Section 284 of the Patent Act, examines the tests created by the Federal Circuit, and discusses

---

[https://perma.cc/8EC4-48LT] ("*Seagate* allowed patent pirates to avoid 'walking the plank' of enhanced damages after choosing to purposefully infringe on a valid patent."); Drew Meunier, *Supreme Court Decision Impacts Product Launch Strategy*, MEUNIER CARLIN & CURFMAN LLC (June 24, 2016), http://www.mcciplaw.com/blog/supreme-court-decision-impacts-product-launch-strategy/ [https://perma.cc/5WX4-AQ9L] ("[T]he Seagate test . . . allowed an accused infringer to avoid enhanced damages by raising a substantial question as to the validity or non-infringement of the patent, even if he was not aware of the arguable defense when he acted.").

10. *See Halo*, 136 S. Ct. at 1933–34 (abrogating the two-part *Seagate* test for enhanced damages).

11. *Id.* at 1928 (quoting Martin v. Franklin Capital Corp., 546 U.S. 132, 139 (2005)) ("Section 284 gives district courts the discretion to award enhanced damages against those guilty of patent infringement. In applying this discretion, district courts are 'to be guided by [the] sound legal principles' developed over nearly two centuries of application and interpretation of the Patent Act.").

12. *See* Howard Wisnia & Thomas Jackman, *Reconsidering the Standard for Enhanced Damages in Patent Cases in View of Recent Guidance from the Supreme Court*, 31 SANTA CLARA HIGH TECH. L.J. 461, 473 (2015) (arguing that willfulness was historically considered a question of fact entirely for the jury to decide). The question is now whether the courts should refer to historical precedent for determining willful infringement, or whether *Halo* has created a new standard. *See Halo*, 136 S. Ct. at 1928 (rejecting the Federal Circuit's appellate framework separating question of law and question of fact in determination of enhanced damages).

13. *See Halo*, 136 S. Ct. at 1933, 1935 (guiding the district court to only find for enhanced damages in the case of "egregious" misconduct); *see also* Brian E. Ferguson, *So Long,* Seagate*: A New Test for Willful Patent Infringement*, LAW360 (June 14, 2016, 5:45 PM), http://www.law360.com/articles/771835/so-long-seagate-a-new-test-for-willful-patent-infringement [https://perma.cc/M62M-GW49] (discussing the great deal of uncertainty with an "egregious misconduct" test, and stating that companies may begin to settle rather than be subject to enhanced damages for "garden-variety" infringement).

historical interpretations of whether a judge or a jury should impose enhanced damages.[14] Part II discusses the arguments made for allowing a judge or a jury to assess enhanced damages.[15] Part III discusses a proposal for having the judge consider the issue of enhanced damages by holding a post-trial, Enhanced Damages hearing to determine the egregiousness of the case.[16]

I. Background

Although enhanced damages became a staple of patent law in 1793,[17] the method of applying the remedy has changed drastically since its inception more than 220 years ago.[18] Enhanced damages started as a mandatory trebling for all infringements, and progressed to a discretionary standard until Congress created the United States Court of Appeals for the Federal Circuit.[19] Over the past thirty years, the Federal Circuit altered the issue's determination by first creating a legal duty and then progressing to the two-part objective and subjective test.[20] Most recently, however, the Supreme Court rejected the Federal Circuit's strenuous tests and gave district courts discretion regarding enhanced damages.[21] District courts are therefore left with broad discretion on enhanced damages and little guidance on how willfulness plays into their determination.[22]

---

14. *See infra* Part I.

15. *See infra* Part II.

16. *See Halo*, 136 S. Ct. at 1933 (defining the new factor as "egregious misconduct," and stating not all egregious misconduct may require a reward of enhanced damages); *see also infra* Part III.

17. *See* Patent Act of 1793, ch. 11, § 5, 1 Stat. 318, 322 (1793) (creating the first account of treble damages on the finding of infringement).

18. *See* discussion *infra* Parts I.A, I.B, I.C.

19. *See infra* Part I.A.

20. *See infra* Part I.B; *see also In re* Seagate Tech., LLC, 497 F.3d 1360, 1370, 1384 (Fed. Cir. 2007) (creating the two-part test to determine enhanced damages); Underwater Devices Inc. v. Morrison-Knudsen Co., Inc., 717 F.2d 1380, 1389–90 (Fed. Cir. 1983) (creating a duty to obtain advice from counsel regarding potential infringing activity).

21. *See infra* Part I.C; *see also Halo*, 136 S. Ct. at 1933–34 (creating the discretionary standard for enhanced damages).

22. *See infra* Part I.C.

A. Creating Discretion for Enhanced Damages

Enhanced damages in patent law are "[d]amages for patent infringement in an amount up to three times that of compensatory damages, at the discretion of the court, based on the egregiousness of the defendant's conduct, including the willfulness of the infringement."[23] Although the origins of enhanced damages trace back nearly to the ratification of the United States Constitution,[24] the process for determining enhanced damages has changed over the past 220 years.[25] The Patent Act of 1793 contained the first substantial legislation regarding enhanced damages.[26] In the Act, treble damages—enhanced damages up to three times the amount of actual damages—were mandatory and automatically applied to the judgment in any case where the jury found infringement.[27] With this new system in place, the infringer's state of mind was irrelevant; if the jury found infringement, the damages awarded were tripled.[28]

---

23. *Damages*, BLACK'S LAW DICTIONARY (10th ed. 2014).

24. *Halo*, 136 S. Ct. at 1928.

25. *See id.* (discussing the difference between the Patent Act of 1793 and 1836); Seymour v. McCormick, 57 U.S. 480, 488–89 (1853) (discussing the changes to enhanced damages between The Patent Act of 1790, The Patent Act of 1793, and The Patent Act of 1836).

26. *See* Patent Act of 1793, ch. 11, § 5, 1 Stat. 318, 320, 322 (1793). Note that the Patent Act of 1793 was not the first patent act passed by Congress. The Patent Act of 1790 essentially established the terms of patents, the process for application, and the eligible subject matter, among other things. It did not mention enhanced damages, but only that an infringer "shall forfeit and pay to the said patentee or patentees, his, her or their executors, administrators or assigns such damages as shall be assessed by a jury." Patent Act of 1790, ch. 7, § 4, 1 Stat. 109, 110–11 (1790).

27. Patent Act of 1793, ch. 11, § 5, 1 Stat. 318, 322 (1793). The section states:

> That if any person shall make, devise and use, or sell the thing so invented, the exclusive right of which shall, as aforesaid, have been secured to any person by patent, without the consent of the patentee, his executors, administrators or assigns, first obtained in writing, every person so offending, shall forfeit and pay to the patentee, a sum, that shall be at least equal to three times the price, for which the patentee has usually sold or licensed to other persons, the use of the said invention; which may be recovered in an action on the case founded on this act, in the circuit court of the United States, or any other court having competent jurisdiction.

Id.

28. *See Seymour*, 57 U.S. at 488 ("The defendant who acted in ignorance or good faith, claiming under a junior patent, was made liable to the same penalty with the wanton and malicious pirate."). The original Patent Act of 1793 assessed damages by determining what a normal license would be for the patent holder, plus a forfeiture against the defendant in an amount three times that sum. *Id.* However, the Act of 1800 changed the assessment to actual damages plus a forfeiture by the defendant in an amount

Therefore, in this early system, neither the judge nor the jury had the discretion to determine whether, upon the merits of the case, enhanced damages were appropriate.[29]

The Supreme Court and Congress both came to the realization that trebling damages in all cases would lead to punishing good-faith infringement.[30] In the Patent Act of 1836, Congress, therefore, removed the mandatory language and made enhanced damages discretionary.[31] Trial judges, with the new-found discretion to enhance damages, retained control of the decision to enter a judgment for enhanced damages against a defendant for more than a century.[32] Although a determination of "willfulness," per se, was not yet part of the enhanced damages assessment,[33] historically it is clear

---

equal to three times the sum of the actual damages. *Id.*

29. *See id.* at 488–89 (discussing the "injustice" of treating all infringers the same and the change in 1836 to make enhanced damages discretionary); *see also* Evans v. Hettich, 20 U.S. 453, 453 (1822) (emphasis added) ("[I]f you should find a verdict for the plaintiff, you will give the actual damages which the plaintiff has sustained, by reason of the defendant's use of his invention, which the Court *will* treble."); Gray v. James, 10 F. Cas. 1015, 1018 (C.C.D. Pa. 1817) (No. 5,718) (emphasis added) ("If the jury should be in favour of the plaintiffs upon these points, they will find for the plaintiffs the actual damages sustained by them, by reason of the use by the defendants of the discovery to which they are entitled; which the court *will* treble.").

30. *Seymour*, 57 U.S. at 488–89 (discussing the injustice of a "horizontal" rule applying to all infringement and arguing that Congress enacted the Patent Act of 1836 to "obviate this injustice"); Stephanie Pall, *Willful Patent Infringement: Theoretically Sound? A Proposal to Restore Willful Infringement to its Proper Place Within Patent Law*, 2006 U. ILL. L. REV. 659, 666 (2006) (arguing Congress's idea of treble damages "evolved from concerns about adequate compensation to the current focus on punitive damages as a deterrent mechanism").

31. *See* Patent Act of 1836, ch. 357, § 14, 5 Stat. 117, 123 (1836) (emphasis added) ("[I]t shall be in the power of the court to render judgment for any sum above the amount found by such a verdict as the actual damages sustained by the plaintiff, not exceeding three times the amount thereof, *according to the circumstances of the case* . . . .").

32. *Seymour*, 57 U.S. at 489 ("The power to inflict vindictive or punitive damages is committed to the discretion and judgment of the court within the limit of trebling the actual damages found by the jury."); Deering, Milliken & Co. v. Gilbert, 269 F.2d 191, 194 (2d Cir. 1959) ("[W]e could not find it an abuse of discretion if the judge had trebled the defendant's profits . . . ."); Vaughan v. Central Pac. R. Co., 28 F. Cas. 1107 (C.C.D. Cal. 1877) (No. 16, 987) ("[A plaintiff] may recover a penalty to the extent of treble damages, if the judge sees fit to inflict it."); Stimpson v. R.R., 23 F. Cas. 103 (3d Cir. 1847) (No. 13,456) ("[T]he court are [sic] not compelled to treble the actual damages assessed by the jury, but may increase them or not at their discretion within that limit.").

33. *Seymour*, 57 U.S. at 489 (using the terms wanton and malicious to determine if enhanced damages are appropriate). The term "willfulness" did not become a staple until more than a century after the court gained discretion to enhance damages. *See* Kim Bros. v. Hagler, 167 F. Supp. 665, 669 (S.D. Cal. 1958) (emphasis added) ("The absence of *willfulness*, of course, would call for the denial of treble damages.").

that, in the late nineteenth and early twentieth centuries, a determination of enhanced damages was a question of law for the judge.[34]

B. Willfulness and the Federal-Circuit Era

The Patent Act of 1952 created Section 284, which gives the courts statutory authority to enhance damages.[35] Although the new Act clarified the language of the enhanced-damages provision, how courts assessed the damages remained unchanged from the Act of 1836.[36] Around the time of the Federal Circuit's establishment in 1982,[37] the notion of "willfulness" in patent infringement started to gain recognition as a question of fact.[38] Under this assessment of willfulness, it would seem logical that the determination to enhance damages would be left solely to the jury.[39] Considering the due process rights of an alleged infringer, "[o]ur system of law generally subscribes to the precept that questions of law are determined by a

34. *Contra* Bard Peripheral Vascular, Inc. v. W.L. Gore & Assocs., Inc., 682 F.3d 1003, 1006 (Fed. Cir. 2012) ("The ultimate question of willfulness has long been treated as a question of fact."); Wisnia & Jackman, *supra* note 12, at 473 ("Historically, courts, including the Federal Circuit, have treated the willfulness determination under § 284 as entirely a question of fact for the jury.").

35. *In re* Seagate Tech., LLC, 497 F.3d 1360, 1368 (Fed. Cir. 2007) (quoting 35 U.S.C. § 284) (stating that the statute in force after the Act of 1952 did not substantively change the law that existed prior to the Act, including the treble provision as it existed in 1836), *abrogated by* Halo Elecs., Inc. v. Pulse Elecs., Inc., 136 S. Ct. 1923 (2016).

36. Halo Elecs., Inc. v. Pulse Elecs., Inc., 136 S. Ct. 1923, 1930 (2016) (stating that the changes made in 1952 were to clarify the language, but treating the assessment of willfulness consistent with this history and precedent regarding patent damages).

37. *See infra* note 146 (discussing the creation of the Court of Appeals for the Federal Circuit).

38. *See* Creative Cookware, Inc. v. Northland Aluminum Prods., 678 F.2d 746, 751 (8th Cir. 1982) (stating that the issue of willfulness is a question of fact, and holding the remainder of the matters in the case were to be reviewed by the abuse-of-discretion standard upon appeal); *see also* Leinoff v. Louis Milona & Sons, Inc., 726 F.2d 734, 742 (Fed. Cir. 1984) ("The trial court may award increased damages, in its discretion, upon proof of willful and wanton infringement. The willfulness of infringement is a question of fact."). The notion of willfulness being a question of fact surfaced as early as 1969; however, the frequency in which the notion was addressed as a question of fact increased after 1982. *See* Malco Mfg. Co. v. Nat'l Connector Corp., No. 4-61 Civ.243, 1969 U.S. Dist. LEXIS 10554, at *8–9 (D. Minn. Feb. 24, 1969) (mentioning that willfulness of infringement is a question of fact).

39. *See* Alan N. Herda, *Notes and Comments: Willful Patent Infringement and the Right to a Jury Trial*, 9 TEX. WESLEYAN L. REV. 181, 199 (2003) ("[A] jury determination is necessary because the finding of willfulness is analogous to a jury determining whether to award punitive damages in actions tried at law in 1791. Therefore, the historical test proves that the Seventh Amendment right extends to a jury determination on willfulness in patent infringement suits.").

judge, while questions of fact are determined by a jury."[40] However, despite the understanding that willfulness is factual, judges regularly made the determination alone.[41]

Regardless of who determines infringement's willfulness, in *Underwater Devices Inc. v. Morrison-Knudsen Co.*, the Federal Circuit—within the first year of its existence—attempted to settle at least what constituted willful infringement by applying a duty of due care.[42] The Federal Circuit offered the guidance that there is a "duty to seek and obtain competent legal advice from counsel *before* the initiation of any possible infringing activity."[43] By creating a test that mirrors a negligence standard, the Federal Circuit seemed to bolster the argument that willfulness is a question of fact for the jury.[44] The Circuit's new test considerably weakened the standard for enhanced damages, and plaintiffs began to abuse the low-cost, high-reward activity of asking for the punitive-type damages in every infringement case.[45] The standard particularly affected the case if the jury decided whether to enhance damages, because failing to obtain counsel created a presumption of willfulness.[46] If the jury already

40. Kristin K. Woodward, *Owners and Occupiers of Land Now Owe Those Lawfully on Their Premises a Duty of Reasonable Care Under* Heins v. Webster County, *250 Neb. 750, 552 N.W.2d 51 (1996)*, 76 NEB. L. REV. 184, 201 (1997).

41. Kimberly A. Moore, *Judges, Juries, and Patent Cases – An Empirical Peek Inside the Black Box*, 99 MICH. L. REV. 365, 393 (2000) (discussing the differing outcomes between a judge and a jury determination of willfulness, as well as discussing the factors used by the judge to determine willfulness, including deliberate infringement).

42. *See* Underwater Devices Inc. v. Morrison-Knudsen Co., 717 F.2d 1380, 1389–90 (Fed. Cir. 1983) (instituting a duty of due care on the infringer to show that she sought and obtained legal advice about possible infringing activity), *overruled by In re* Seagate Tech., LLC, 497 F.3d 1360 (Fed. Cir. 2007).

43. *Id.* at 1390.

44. *See* Bronson v. Oakes, 76 F. 734, 737–38 (8th Cir. 1896) ("[N]egligence is a question of fact for the jury, and it does not cease to be such although the facts are undisputed, for that would be to deprive a suitor of his constitutional right to have the material facts in his case tried by a jury.").

45. *See* Justin P. Huddleson, *Objectively Reckless: A Semi-Empirical Evaluation of* In re Seagate*,* 15 B.U. J. SCI. & TECH. L. 102, 125 (2009) (discussing how litigants were using enhanced damages as a litigation strategy rather than affording a possibility of increasing damages).

46. *See* Mark A. Lemley & Ragesh K. Tangri, *Ending Patent Law's Willfulness Game*, 18 BERKELEY TECH. L.J. 1085, 1091–92 (2003) (discussing the impact of failing to obtain counsel on the ultimate issue of infringement).

found infringement, then a finding of willfulness would be a much easier assessment for the jury.[47]

In order to strengthen the analysis for willfulness and abandon the negligence standard established in *Underwater Devices*, the Federal Circuit created a new standard with their 2007 decision, *In re Seagate*.[48] The court created a two-part test to determine enhanced damages.[49] The first part of the test was an objective analysis requiring "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."[50] The court considered the second prong only if the patentee satisfied the "objective recklessness" prong.[51] The second, subjective prong required the plaintiff to "demonstrate that this objectively-defined risk . . . was either known or so obvious that it should have been known to the accused infringer."[52] The court instructed that the first prong—objective recklessness—was a question of law for the judge, while the second prong—subjective risk—was a question of fact for the jury.[53] The court reasoned, in *Bard Peripheral Vascular v. W.L. Gore*, that the judge "is in the best position for making the determination of reasonableness" and left the willfulness analysis to both the judge and the jury in their respective parts of the test.[54]

---

47. *Id.* ("While [the] presumptions are rebuttable, in practice they are likely to have a strong impact on a jury that has just concluded that the patent is valid and the defendant an infringer.").

48. *See In re* Seagate, 497 F.3d 1360, 1371 (Fed. Cir. 2007) ("[T]he duty of care announced in *Underwater Devices* sets a lower threshold for willful infringement that is more akin to negligence."), *abrogated by* Halo Elecs., Inc. v. Pulse Elecs., Inc., 136 S. Ct. 1923 (2016); Alex Czanik, *Willful Patent Infringement:* Bard v. W.L. Gore*'s Thoughtful Shift from Jury to Judge*, 82 U. CIN. L. REV. 283, 287 (2013) ("*Underwater Devices*'s low standard failed to align with willfulness in the civil context and was inconsistent with Supreme Court precedent.").

49. Czanik, *supra* note 48, at 287 ("*Seagate* established a two-prong test that still serves as the backbone for willful patent infringement.").

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

51. Czanik, *supra* note 48, at 288.

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

53. *See* Bard Peripheral Vascular, Inc. v. W.L. Gore & Assocs., Inc., 682 F.3d 1003, 1005 (Fed. Cir. 2012) ("The court now holds that the threshold objective prong of the willfulness standard enunciated in *Seagate* is a question of law based on underlying mixed questions of law and fact and is subject to *de novo* review."); Wisnia & Jackman, *supra* note 12, at 474.

54. *Bard*, 682 F.3d at 1006.

C. Abrogation of the Seagate *Test by* Halo v. Pulse

The *Seagate* test seemed to accomplish its intended goal: the abuse of unfounded willful-infringement claims decreased because it was much more difficult for a patent holder to prove both objective recklessness and subjective belief in the risk of infringement.[55] However, many people, particularly patent holders, thought the rule was too rigid and the test let many potential bad-faith infringers off the hook by merely making a colorful invalidity argument against the claims in question.[56]

Two cases caused the Supreme Court to grant certiorari on the issue of willfulness.[57] In the first case, Halo Electronics sued Pulse Electronics for infringement of patents Halo held regarding electronic packages.[58] Although the jury found a high probability of willful infringement, the district court declined to enhance the damages because Pulse provided a reasonable defense and therefore did not satisfy the objective recklessness prong of the test.[59] In the second case, Stryker Orthopedics sued Zimmer Orthopedics for infringement of a surgical device patent.[60] The district court awarded treble damages, noting that Zimmer "all but instructed its design team to copy Stryker's products."[61] Still, the Federal Circuit concluded that enhanced damages were not appropriate because Zimmer offered "reasonable defenses" at trial.[62]

In response to the concerns of "malicious" infringers avoiding the punitive effects of enhanced damages, in June 2016 the Supreme

55. *See* Ferguson, *supra* note 13.

56. *See* Halo Elecs., Inc. v. Pulse Elecs., Inc., 136 S. Ct. 1923, 1926 (2016) ("The *Seagate* test further errs by making dispositive the ability of the infringer to muster a reasonable defense at trial, even if he did not act on the basis of that defense or was even aware of it."); Petitioner's Opening Brief at 2, Halo Elecs., Inc. v. Pulse Elecs., Inc., 136 S. Ct. 1923 (2016) (No. 14-1513), 2015 WL 9450143, at *2 ("The Federal Circuit's rigid *per se* rule ties the hands of judges and lets bad faith infringers off the hook.").

57. *See Halo*, 136 S. Ct. at 1930–31.

58. *Id.* at 1930.

59. *Id.* at 1931.

60. *Id.*

61. *Id.* (quoting App. to Pet. for Cert. in No. 14-1520, at 77a).

62. *Id.* at 1931.

Court abrogated the *Seagate* test with their *Halo v. Pulse* decision.[63] The Court reasoned that, regardless of any proffered defense, "Section 284 allows district courts to punish the full range of culpable behavior."[64] However, the Court provided no framework for determining whether to enhance damages.[65] Rather, after *Halo v. Pulse*, courts now determine enhanced damages solely through their own discretion.[66] The Court offered district courts a single piece of guidance: enhanced damages should be applied strictly in cases of egregious misconduct.[67]

The new discretionary standard leaves litigants without a firm test for enhanced damages.[68] Questions remain as to how the new standard will play out in the district courts and the Federal Circuit.[69] Will the assessment revert to enhancing damages only if the judge sees fit to enforce them?[70] If a jury decides, will a duty of due care resurface to persuade a jury that the infringement was willful?[71] Furthermore, does it even matter whether a judge or a jury decides if the conduct was egregious if the judge is the one who determines by how much to increase the damages?[72] Since the decision in *Halo v.*

63. *Halo*, 136 S. Ct. at 1928.

64. *Id.* at 1933–34 (discussing the error in providing a rigid framework to determine enhanced damages when the Act does not prescribe such a test).

65. *Id.* at 1934 ("[W]e eschew any rigid formula for awarding enhanced damages under § 284 . . . .").

66. *Id.* (quoting Highmark Inc. v. Allcare Health Mgmt. Sys., Inc., 134 S. Ct. 1744, 1748 (2014)) ("Section 284 gives district courts discretion in meting out enhanced damages. It 'commits the determination' whether enhanced damages are appropriate 'to the discretion of the district court' and 'that decision is to be reviewed on appeal for abuse of discretion.'").

67. *Id.* ("Consistent with nearly two centuries of enhanced damages under patent law, however, such punishment should generally be reserved for egregious cases typified by willful misconduct.").

68. *See* Ferguson, *supra* note 13 ("The elimination of the Seagate standard and its replacement with a much more amorphous 'egregious misconduct' test is unfortunate because it introduces a great amount of uncertainty going forward for patent defendants.").

69. *See id.* (discussing how companies will now have to speculate how the new standard will play out and stressing that the Federal Circuit must vigorously enforce "the Supreme Court's warning that only instances of true egregious misconduct merit enhanced damages awards").

70. *See* Vaughan v. Central Pac. R. Co., 28 F. Cas. 1107, 1107 (C.C.D. Cal. 1877) (No. 16, 987).

71. Ferguson, *supra* note 13 ("[T]he uncertainty and risk that a garden-variety infringement case may be distorted by aggressive patentees into one demonstrating egregious misconduct, particularly in patentee-friendly forums, is acute.").

72. *See* Roberta J. Morris, *Open Letter to the Supreme Court Concerning Patent Law*, 83 J. PAT. & TRADEMARK OFF. SOC'Y 438, 446 (2001) ("The jury may enter a special verdict on willfulness, but then

Pulse, the Federal Circuit has already stated that the jury determines the factual circumstances of "willful infringement."[73] Therefore, the only understanding afforded litigants is that willfulness is still a factor when courts analyze "egregious misconduct."[74]

II. The Analysis of Judge Versus Jury

There are several approaches to assessing whether a judge or jury decides an issue.[75] The first and most obvious approach determines if the authorizing statute's text suggests there is no right to a jury.[76] The second approach considers Seventh Amendment implications, and *Markman v. Westview Instruments* provided a test for this approach, which asks if the issue existed at common law prior to the ratification of the Seventh Amendment.[77] A final approach considers precedent on the issue before and after the Federal Circuit's creation, including previous tests used for determining willfulness.[78]

A. A Statutory Interpretation of Section 284

Before inquiring whether a statute implicates a constitutional right to trial by jury, the first inquiry contemplates whether Section 284

---

the court, not the jury, decides whether to multiply the actual damages by a number between 1 and 3.").

73. WBIP, LLC v. Kohler Co., 829 F.3d 1317, 1341 (Fed. Cir. 2016) ("We do not interpret *Halo* as changing the established law that the factual components of the willfulness question should be resolved by the jury.").

74. *See supra* Part I.B (discussing how willfulness as an assessment for enhanced damages gained prevalence only after the inception of the Federal Circuit).

75. Feltner v. Columbia Pictures Television, Inc., 523 U.S. 340, 345 (1998) (discussing first the construction of the statute in an attempt to avoid a Seventh-Amendment analysis and then progressing to the constitutional analysis); *see also infra* Part II.A, II.B.

76. *Feltner*, 523 U.S. at 345; *see also infra* Part II.A.

77. *See infra* Parts II.A, II.B. The *Markman* historical test sought to determine if a preexisting common-law right existed prior to 1791; if one did not, it asked whether a common-law right analogous to the issue in question existed. Markman v. Westview Instruments, Inc., 517 U.S. 370, 376 (1996). The test then progressed to determine if a jury was required to preserve that common-law right. *Id.*

78. *See infra* Part II.C. Prior to the Federal Circuit, a determination of willfulness was vested solely with the district court judge. *See supra* Part I.A. Furthermore, precedent from the Fifth Circuit, prior to the Federal Circuit, suggests there is no right to trial by jury for enhanced damages. *See* Swofford v. B & W, Inc., 336 F.2d 406, 413 (5th Cir. 1964) ("No discretion is vested in the jury . . . ."). Lastly, the case *Read Corp. v. Portec*, heard by the Federal Circuit, suggested nine factors to use in determining egregiousness of the case. 970 F.2d 816, 827 (Fed. Cir. 1992); *see also* Part I.C.

even suggests a judge may solely decide to enhance damages.[79] The relevant clause of Section 284 regarding enhanced damages states, "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."[80] At first glance, the phrase "the court may" seems to indicate that Congress left the trial judge discretion to enhance damages above the actual damages already found.[81] In *Feltner v. Columbia Pictures Television*, the Supreme Court considered similar "court" language in the context of statutory damages in copyright law and found that such language did not show congressional intent to provide a right to trial by jury.[82]

The language of interest in Section 504(c) of the Copyright Act included the phrase "the court in its discretion may increase the award of statutory damages to a sum of not more than $150,000."[83] In *Feltner*, the Court considered other provisions within the Copyright Act for guidance as to whether "court" meant judge or jury.[84] The Court considered sections that used "court" in reference to powers universally understood as vested in the judge—such as injunctions and awarding attorney fees.[85] Looking at relevant sections surrounding Section 284 of the Patent Act leads to a conclusion similar to that found in *Feltner*. First, Section 283 uses

79. Tull v. United States, 481 U.S. 412, 417 n.3 (1987) (quoting Curtis v. Loether, 415 U.S. 189, 192 n.6 (1974)) ("We recognize, of course, the 'cardinal principle that this Court will first ascertain whether a construction of the statute is fairly possible by which the [constitutional] question may be avoided.'").

80. 35 U.S.C. § 284 (2012). The statute is preceded by the clause indicating what damages are appropriate for a finding of infringement. "Upon 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." *Id.*

81. *Feltner*, 523 U.S. at 345–46 (holding language in a similar statute for statutory damages in copyright law that states "the court in its discretion" may find for statutory damages did not show congressional intent to provide a right to trial by jury).

82. *Id*.

83. 17 U.S.C. § 504(c) (2010).

84. *Feltner*, 523 U.S. at 346 (stating that other sections of the Copyright Act "use[d] the term 'court' in contexts generally thought to confer authority on a judge, rather than a jury").

85. *Id.* (noting that other sections include the word "court" while providing discretion to grant injunctions, destruction of documents, and award attorney fees).

the phrase "courts" in granting the power to issue injunctions.[86] Second, Section 285 uses the term "court" to grant the power to award attorney fees.[87] Third, Section 284 uses the word "jury" within the statute directly before the word "court."[88] If the word "jury" means the same as the word "court," the phrase would read ambiguously and redundantly.[89] Therefore, should the Supreme Court consider whether Congress intended to grant the right to trial by jury for enhanced damages, the Court may similarly hold "no," as they did in the context of copyright law statutory damages in *Feltner*.[90]

B. Seventh Amendment Implications

1. Introduction to the "Historical Approach"

According to *Feltner*, after the court determines Congress did not intend to confer the right to trial by jury in the statute, the next question is whether the Seventh Amendment nonetheless assures such a right.[91] Although case law has addressed the inquiry of whether "willfulness" is a question of law or a question of fact,[92] neither the Federal Circuit nor the Supreme Court has considered the Seventh Amendment implications.[93] The Seventh Amendment to the

86. 35 U.S.C. § 283 (2012) ("The several courts having jurisdiction of cases under this title may grant injunctions in accordance with the principles of equity to prevent the violation of any right secured by patent, on such terms as the court deems reasonable.").

87. 35 U.S.C. § 285 (2012) ("The court in exceptional cases may award reasonable attorney fees to the prevailing party.").

88. 35 U.S.C. § 284 (2012) ("When the damages are not found by a jury, the court shall assess them.").

89. *Id.* The ambiguity is created if "court" meant "jury" because the sentence would read as: when the damages are not found by the jury, the jury shall assess them. *Id.*

90. *Feltner*, 523 U.S. at 347 ("We thus discern no statutory right to a jury trial when a copyright owner elects to recover statutory damages.").

91. *Id.* at 345 (discussing Seventh Amendment implications only after determining the statute did not grant the right of trial by jury).

92. WBIP, LLC v. Kohler Co., 829 F.3d 1317, 1341 (Fed. Cir. 2016) (holding that willfulness is a question of fact set by the Federal Circuit's precedent); *see also* Bard Peripheral Vascular, Inc. v. W.L. Gore & Assocs., Inc., 682 F.3d 1003, 1005 (Fed. Cir. 2012) (discussing willfulness as a mixed of a question of law and of fact).

93. Herda, *supra* note 39, at 183 ("[T]he Court of Appeals for the Federal Circuit, the court with

United States Constitution confers a right to trial by jury by stating, "In suits at common law, where the value in controversy shall exceed twenty dollars, the right of trial by jury shall be preserved . . . ."[94] One test to determine if a right to trial by jury applies to an issue comes from the landmark case *Markman v. Westview Instruments*.[95] The test consists of:

> [D]etermining: (1) whether the current cause of action either was a common law action in 1791 England, or is analogous to a cause of action that was available in 1791, and (2) whether the issue in question "must fall to the jury in order to preserve the substance of the common-law right as it existed in 1791."[96]

2. Finding an Analogous Pre-1791 Legal Right to Trial by Jury

To date, the only analysis regarding the existence of a common-law right to trial by jury on enhanced damages revolves around the correlation between infringement and willful infringement.[97] This is not to say that "willfulness" is the correct test for enhanced damages,[98] see *infra* Part II.C, but rather that a Seventh Amendment analysis on enhanced damages can be made regardless of what test is appropriate.[99] First, the *Markman* test asks if there was

---

exclusive appellate jurisdiction over patent cases, has not answered this constitutional question . . . .").

94. U.S. CONST. amend. VII.

95. *See* Markman v. Westview Instruments, Inc., 517 U.S. 370, 376 (1996) (discussing the "historical test" used to determine if a cause of action existed prior to the ratification of the United States Constitution).

96. Herda, *supra* note 39, at 191 (quoting Markman v. Westview Instruments, Inc., 517 U.S. 370, 376 (1996)).

97. *See id.* at 193–94 (applying the *Markman* Test to a question of willful infringement); Wisnia & Jackman, *supra* note 12, at 474 (discussing the correlation made to copyright law because the statute at issue in *Feltner v. Columbia Pictures* also required a willfulness aspect to the infringement).

98. Halo Elecs., Inc. v. Pulse Elecs., Inc., 136 S. Ct. 1923, 1926 (2016) (stating that egregious misconduct is typified by willful infringement but not holding that willful infringement is necessary for enhanced damages); WBIP, LLC v. Kohler Co., 829 F.3d 1317, 1341 n.13 (Fed. Cir. 2016) ("Whether the conduct is sufficiently egregious as to warrant enhancement and the amount of the enhancement that is appropriate are committed to the sound discretion of the district court."). This distinction is discussed in detail *infra* at Part III.A.1.

99. *See infra* Part II.C; *see also Halo*, 136 S. Ct. at 1929 (stating that egregious misconduct is

a cause of action analogous to enhanced damages in England prior to the Seventh Amendment's ratification in 1791.[100] Scholars disagree as to whether an issue similar to enhanced damages existed prior to 1791.[101] On one hand, if you consider "egregious infringement" a species of the broader genus of "infringement," then any infringement case tried in England prior to 1791 shows a cause of action for enhanced damages.[102] This may not be an accurate way to look at enhanced damages because "[t]he Seventh Amendment question depends on the nature of the issue to be tried rather than the character of the overall action."[103] The issue to be tried regarding enhanced damages is whether there was egregious misconduct, not whether the defendant infringed the claims of the patent.[104]

Furthermore, enhanced damages were clearly not awarded in the United States until Congress added the mandatory-trebling provision to the Act of 1793.[105] Encouragement for enhanced damages essentially came from one man with a distaste for meaningless patent rights and a distrust for juries.[106] Robert Barnes, a man with connections to Thomas Jefferson and George Washington and with difficulties enforcing his patent rights, argued that the system prior to 1793 granted no more meaningful rights to patent holders than if there were no laws at all.[107] Further support that enhanced damages

typified by willful infringement, but not going so far as to state that willful infringement is necessary to show egregious misconduct).

100. *See* Herda, *supra* note 39, at 192.

101. *See id.* (stating the test is easy because patent infringement is statutory and therefore analogous to statutory infringement suits tried at law in England prior to 1791). *But see* Wisnia & Jackman, *supra* note 12, at 474 (stating that there was no requirement for willfulness in any suit prior to 1791).

102. *See* Herda, *supra* note 39, at 192 (correlating the cause of action for infringement to all sub-issues regarding infringement).

103. Ross v. Bernhard, 396 U.S. 531, 538 (1970).

104. *See Halo*, 136 S. Ct. at 1935 (stating that enhanced damages are reserved for egregious misconduct in the case of patent infringement).

105. *Supra* Part I.A.

106. Samuel Chase Means, *The Trouble with Treble Damages: Ditching Patent Law's Willful Infringement Doctrine and Enhanced Damages*, 2013 U. ILL. L. REV. 1999, 2007–08 (2013) (discussing how Joseph Barnes, a man with strong political ties, argued that patent rights were meaningless without a stronger right against infringement, thus creating the first mandatory trebling of damages in patent law).

107. *Id.* at 2008.

are a product of post-1791 American Patent law comes from the fact that "[n]o case was found in which a British jury addressed the issue of increased awards or punitive damages in a patent infringement case."[108]

3. Preserving the Common-Law Right to Trial by Jury

If enhanced damages have no pre-1791 analogous legal right to a trial by jury, then the *Markman* historical test ends, and there is no right to trial by jury on enhanced damages.[109] However, if it is successfully argued that the legal issue existed in English law prior to 1791, then the next question considers if the issue "must fall to the jury in order to preserve the substance of the common-law right as it existed in 1791."[110]

The first argument against a jury trial is that enhanced damages are not a legal right, but rather an equitable remedy.[111] If this is the case, no trial by jury is necessary to preserve any right because equitable remedies were historically tried by a judge in England prior to 1791.[112] The argument is essentially that the original purpose of enhanced damages was not only to adequately compensate the patent holder, but also to prevent ongoing infringement and deter disregard

108. John B. Pegram, *The Willful Patent Infringement Dilemma and the 7th Amendment*, 86 J. PAT. & TRADEMARK OFF. SOC'Y 271, 280 (2004) (stating that only one case was found where a jury found more than nominal damages, but finding no case where a jury was asked to determine punitive damages or issue an increased award for infringement).

109. *See* Markman v. Westview Instruments, Inc., 517 U.S. 370, 376 (1996). This is an assumption that the connector "and" in the test requires both (1) whether the issues was known in England prior to 1791 *and* (2) whether the issue "must fall to the jury in order to preserve the substance of the common-law right as it existed in 1791." *See* Herda, *supra* note 39, at 183 (quoting Markman v. Westview Instruments, Inc., 517 U.S. 370, 376 (1996)).

110. *Markman*, 517 U.S. at 376 (articulating the two-part test of the Court's Historical Test).

111. *See* Brief for Petitioner at 3–4, Stryker Corp. v. Zimmer, Inc., 136 S. Ct. 356 (2015) (No. 14-1520), 2015 WL 8754930 (arguing that the Act of 1793 added enhanced damages as a remedy because there was no adequate remedy at law). *Cf.* Feltner v. Columbia Pictures Television, Inc., 523 U.S. 340, 345–46 (1998) (arguing that statutory damages, in the context of copyright law, are equitable in nature).

112. CONG. RESEARCH SERV., No. 112-9, THE CONSTITUTION OF THE UNITED STATES OF AMERICA ANALYSIS AND INTERPRETATION: INTERIM EDITION: ANALYSIS OF CASES DECIDED BY THE SUPREME COURT OF THE UNITED STATES TO JULY 1, 2014, at 1679, https://www.gpo.gov/fdsys/pkg/GPO-CONAN-REV-2014/pdf/GPO-CONAN-REV-2014.pdf [https://perma.cc/VQ52-M88R] (stating the broad proposition that no equitable remedy requires a trial by jury and providing four cases for support).

for patent rights.[113] During Senate hearings on the changes to the Act of 1836, which changed mandatory trebling to a discretionary standard, Senator John Ruggles urged that damages alone were inadequate by stating:

> The present law waits till infringements and frauds are consummated—nay, it even aids them; and then it offers an inadequate remedy for the injury, by giving an action of damages. It ought, rather, by refusing to grant interfering patents, to render prosecutions unnecessary. Instead of sanctioning the wrong by granting the privilege to commit it, it should arrest injury and injustice at the threshold, and put an end to litigation before it begins.[114]

Senator Ruggles, therefore, considered enhanced damages a deterrent, and possibly a preventative injunction to the public, rather than compensation for infringement.[115]

However, the court generally typifies monetary relief as "legal relief," and thus any compensation related to infringement damages is arguably legal relief.[116] The parties in *Feltner v. Columbia Pictures* argued that statutory damages in copyright law were equitable by nature.[117] The Court did not find this argument persuasive because they saw all remedies associated with compensation and punishment

113. Brief for Petitioner, *supra* note 111, at 3–4 ("The main reason for mandatory trebling at the time was Congress's concern that, because plaintiffs lacked access to equity to prevent ongoing infringement, actual damages alone were inadequate to compensate patentees and to deter disregard for patent rights.").

114. JOHN RUGGLES, S. REP. ACCOMPANYING S.B. NO. 239, 24th Cong., 1st Sess., at 6 (Apr. 28, 1836), *reproduced in* CHISUM ON PATENTS, app. 12 (2017).

115. *See id.*; *see also Injunction*, BLACK'S LAW DICTIONARY (10th ed. 2014) (defining a preventative injunction as "[a]n injunction designed to prevent a loss or injury in the future").

116. *Feltner*, 523 U.S. at 352 ("We have recognized the 'general rule' that monetary relief is legal . . . ."); *see Remedy*, BLACK'S LAW DICTIONARY (10th ed. 2014) (defining Equitable Remedy as "[a] remedy, usu. a nonmonetary one such as an injunction or specific performance, obtained when available legal remedies, usu. monetary damages, cannot adequately redress the injury").

117. *Feltner*, 523 U.S. at 352 (arguing that statutory damages are by nature equitable and not arguing that they somehow fall outside the presumption that monetary damages are legal remedies).

as historically legal rights.[118] What the respondents in *Feltner* failed to argue—which the Court noted—was that there are examples of monetary relief historically regarded as equitable remedies.[119] In *Feltner*, the Court mentions that an analogy exists between certain statutory damages and disgorgement of improper profits, which is an equitable remedy.[120] This argument proves persuasive because enhanced damages result from egregious misconduct relating to "malicious" infringement, and courts characterize disgorgement as "[t]he act of giving up something (such as profits illegally obtained) on demand or by legal compulsion."[121] However, this argument still may not stand, as the Supreme Court does not consider disgorgement equitable if the remedy is also a form of punishment.[122]

Different methods exist, outside of the legal or equitable characterization, for ascertaining whether a trial by jury is necessary to preserve a legal right.[123] Two other tests are: (1) to determine if the issue is a question of law or a question of fact, or (2) to determine if the issue is analogous to another, similar common-law issue.[124] Considering the first test, the inquiry is whether "egregious misconduct" is a question of law or a question of fact.[125] Before June 2016, this question had an answer.[126] The *Seagate* test was a two-pronged test, where one prong was subjective and a question of fact,

118. *Id.* at 353 (arguing precedent shows actual damages, remedies intended to punish, and exemplary damages in divorce were all issues held to be historically legal issues for a jury).

119. *Id.* at 352 (stating that respondents, Columbia, did not argue or try to draw an analogy between statutory damages under 17 U.S.C. § 504(c) and causes of action such as disgorgement of improper profits that are characterized as equitable relief).

120. *Id.*

121. *See Disgorgement*, BLACK'S LAW DICTIONARY (10th ed. 2014).

122. *Cf.* Tull v. United States, 481 U.S. 412, 423 (1987). The argument may be sound that enhanced damages are similar to disgorgement of improper profits; however, *Tull* suggests that, when such a relief is also used to impose punishment, it is more akin to equitable relief. *Id.*

123. Herda, *supra* note 39, at 193 (discussing two different tests to determine if an issue is to the "substance of the common-law right").

124. *Id.* at 192 ("Two such methods are distinguishing between issues of law and fact, and comparing the issues in question to analogous common law issues in 1791 England—a historical test of the issue within the overall historical test of both the action and the issue.").

125. Halo Elecs., Inc. v. Pulse Elecs., Inc., 136 S. Ct. 1923, 1934 (2016) (stating that egregious misconduct is the standard under which enhanced damages should be reviewed).

126. *See infra* Part I.B (discussing the *Seagate* two-prong test and the analysis made as to whether egregious misconduct is a question of fact or question of law).

and the other prong was objective and a question of law.[127] However, the decision in *Halo v. Pulse* abrogated that test, and now there is no longer a multi-part framework to determine enhanced damages.[128] Regardless, questions of fact do remain when deciding if "egregious misconduct" exists.[129] However, as seen in *Markman v. Westview Instruments*, when the matter "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 the sound administration of justice, one judicial actor is better positioned than another to decide the issue in question."[130] Therefore, even though an issue may present a question of fact, the line between fact and law is probably not so bright-lined that it precludes the issue from judicial determination.[131]

Another approach, other than asking if the inquiry is a question of law or fact, determines whether any common-law issues existing in 1791 are analogous to enhanced damages.[132] One clear case is that enhanced damages are most similar to punitive damages.[133] Courts consistently consider enhanced damages as a type of punitive damage.[134] Punitive damages existed in England prior to 1791, and in

127. Bard Peripheral Vascular, Inc. v. W.L. Gore & Assocs., Inc., 682 F.3d 1003, 1005 (Fed. Cir. 2012) (maintaining that the subjective threshold remains a question of fact for the jury, but holding that the "threshold objective prong of the willfulness standard enunciated in *Seagate* is a question of law based on underlying mixed questions of law and fact, and is subject to *de novo* review").

128. *See Halo*, 136 S. Ct. at 1933 (abrogating the two-part test of *In re Seagate* and the tripartite framework of review).

129. *See id.* at 1933 (stating that culpable behavior is indicative of egregious misconduct); *see also* United States v. Kiestler, Nos. 92-5099, 92-5600, 92-5601, 1993 U.S. App. LEXIS 13092, at *6 (6th Cir. May 21, 1993) ("The determination of a defendant's degree of culpability is a question of fact . . . .").

130. Markman v. Westview Instruments, Inc., 517 U.S. 370, 388 (1996) (quoting Miller v. Fenton, 474 U.S. 104, 114 (1985)).

131. Herda, *supra* note 39, at 193 (noting how the Supreme Court deemphasized the law/fact-determination test for determining if a jury trial is needed to preserve a legal right).

132. *Id.* (stating the two separate tests to determine if a legal right exists).

133. *Id.* at 193–94 (finding that "[i]ncreased damages under § 284 are analogous to punitive damage awards . . ." and offering four comparisons regarding how the two are similar).

134. Halo Elecs., Inc. v. Pulse Elecs., Inc., 136 S. Ct. 1923, 1927 (2016) ("We continued to describe enhanced damages as 'vindictive or punitive,' which the court may 'inflict' when 'the circumstances of the case appear to require it.'"); NTP, Inc. v. Research in Motion, Ltd., 270 F. Supp. 2d 751, 754 (E.D. Va. 2003) ("Enhanced damages not only operate as a punitive measure against individual infringing defendants, but they also serve an overarching purpose as a deterrence of patent infringement.").

those early cases, juries determined punitive damages.[135] Therefore, this connection between punitive damages and enhanced damages in patent law seems to suggest that the second prong of the *Markman* historical test, or whether the issue "must fall to the jury in order to preserve the substance of the common-law right as it existed in 1791," would require the jury to determine enhanced damages.[136]

However, there remains firm disagreement as to whether a judge and not a jury should consider punitive damages.[137] One argument for allowing the judge to determine whether to award punitive damages is that "judges are in a better position to impose a punishment that is in line with the punishments imposed for similar misconduct, [and] determination of the amount of punitive damages by judges would promote the interest in treating like cases alike."[138] However, history still indicates that punitive damages were a legal right in England prior to 1791.[139] If the issue of enhanced damages makes it past the first question in the *Markman* test, a successful analogy to punitive damages will pass the second question of the test, thus establishing a right to trial by jury on enhanced damages.[140]

135. Herda, *supra* note 39, at 196–97 (discussing the origins of punitive damages as they first surfaced around 1763).

136. Markman v. Westview Instruments, Inc., 517 U.S. 370, 376 (1996).

137. *See* BMW of N. Am., Inc. v. Gore, 517 U.S. 559, 596 (1996) (Breyer, J., concurring) (stating in the context of awarding punitive damages that one cannot "expect those jurors to interpret law like judges, who work within a discipline and hierarchical organization that normally promotes roughly uniform interpretation and application of the law"); Theodore Eisenberg et al., *Juries, Judges, and Punitive Damages: An Empirical Study*, 87 CORNELL L. REV. 743, 744 (2002) ("Some observers suggest that allowing judges, not juries, to set punitive award levels will improve civil justice."). *But see* Schaffer v. Edward D. Jones & Co., 521 N.W.2d 921, 926 (S.D. 1994) ("Blinders should not be placed on a jury when it is called upon to assess punishment, i.e., punitive damages.").

138. Paul Mogin, *Why Judges, Not Juries, Should Set Punitive Damages*, 65 U. Chi. L. Rev. 179, 212 (1998).

139. *Id.* at 183 (stating that, although the punitive damages of today are different than those in England prior to 1791, punitive damages did exist as early as 1763 in England).

140. Herda, *supra* note 39, at 198 (concluding that enhanced damages pass the first part of the *Markman* test and pass the second part of the test because of enhanced damages' connection to punitive damages).

C. A Stare-Decisis Approach to Section 284

Precedent may also help establish who—judge or jury—should decide if enhanced damages ought to be rewarded.[141] After the Act of 1836 provided district courts with discretion to enhance damages, the inquiry remained within the control of the trial judge.[142] In *Seymour v. McCormick*, an important case regarding the interpretation of the Act of 1836, the Supreme Court stated, "The power to inflict vindictive or punitive damages is committed to the discretion and judgment of the court within the limit of trebling the actual damages found by the jury."[143] Sole determination by the judge remained the procedure for more than one hundred years after the Act of 1836.[144] A question-of-fact analysis only surfaced when the notion of willfulness became a test around the mid-1950s,[145] and the determination of "willfulness" caught on as the pivotal question around the creation of the Federal Circuit.[146] Early use of willfulness—prior to the Federal Circuit—was merely advisory, and

141. *See* Wisnia & Jackman, *supra* note 12, at 474 (concluding that no pre-1791 precedent could help in a *Markman* test, and thus resorting to precedent to help establish the procedure).

142. *See* cases *supra* note 32.

143. Seymour v. McCormick, 57 U.S. 480, 489 (1853).

144. *See, e.g.*, Swofford v. B & W, Inc., 336 F.2d 406, 413 (5th Cir. 1964) ("No discretion is vested in the jury; but they are required to find the actual damages, under proper instructions from the court."); White v. Mar-Bel, Inc., 369 F. Supp. 1321, 1326 (M.D. Fla. 1973), *aff'd in part, rev'd in part*, 509 F.2d 287 (5th Cir. 1975) ("In these areas, however, the jury verdict was advisory only since trebling of damages in patent cases is always entrusted to the discretion of the Court in jury as well as non-jury trials."); Vaughan v. Central Pac. R. Co., 28 F. Cas. 1107, 1107 (C.C.D. Cal. 1877) (No. 16, 987).

145. *See*, *e.g.*, Chappell & Co. v. Cavalier Cafe, 13 F.R.D. 321, 323 (D. Mass. 1952). A search for "willfulness" or "willful" within the same paragraph of "enhanced damages" or "treble" in LexisNexis reveals the terms were not used together until the mid-1950s. One of the first cases discussing the matter of willfulness came in 1952, coincidentally around the Patent Act of 1952. *Id.*

146. A similar search as completed in *supra* note 145 shows the words "willful" or "willfulness" within the same paragraph as "enhanced damages" or "treble" a total of three times in the 1950s, a total of ten times in the 1960s, a total of seven times in the 1970s, and a total of forty-seven times in the 1980s. *See, e.g.*, Baumstimler v. Rankin, 677 F.2d 1061, 1072 (5th Cir. 1982) ("Further, interrogatories could have covered the willfulness of infringement to provide support for the award of the treble damages."); *White*, 369 F. Supp. at 1326 ("In so doing the Court included interrogatories designed to elicit the jury's findings with respect to the willfulness of the alleged infringement and whether the compensatory damages should be trebled."); Hartford Nat'l Bank & Tr. Co. v. E.F. Drew & Co., 188 F. Supp. 353, 358 (D. Del. 1960) ("[I]t bears directly on the willfulness and the treble damages."). The Court of Appeals for the Federal Circuit was created on October 1, 1982, to have exclusive jurisdiction for appeals regarding patents. Matthew B. Weiss, *Options for Federal Circuit Reform Derived from German Legal Structure and Practice*, 16 COLUM. SCI. & TECH. L. REV. 358, 361 (2015).

the judge weighed a jury's finding of willful infringement with all other circumstances when deciding if enhanced damages were appropriate.[147] Although the Federal Circuit later held that evidentiary findings by juries on willfulness are non-advisory, the holding had very limited consequence—the judge can still refrain from awarding enhanced damages or even overturn a finding of no-willfulness and award damages as a matter of law.[148]

Therefore, even after willfulness became a main part of the enhanced damages consideration, and even after the Federal Circuit in *In re Seagate* created their two-part framework for willful infringement, judges regularly decided whether to award enhanced damages.[149] Two cases prompted the Supreme Court to visit the issue of enhanced damages.[150] In the case *Halo Electronics v. Pulse Electronics*, the district court declined to award enhanced damages even after a jury found a high probability that the defendants "willfully" infringed on the patent, and the Federal Circuit affirmed.[151] In the other case, *Stryker Corporation v. Zimmer, Inc.*, the jury found willful infringement and the court awarded the damages to the plaintiff.[152] Applying a *de novo* standard of review,

147. White v. Mar-Bel, Inc., 509 F.2d 287, 292 (5th Cir. 1975) ("[T]he jury's finding that defendants willfully infringed and therefore that the compensatory damages should be trebled is advisory only."); Square Liner 360 Degrees, Inc. v. Chisum, No. 4-76-Civ. 134, 1981 U.S. Dist. LEXIS 17776, at *38 (D. Minn. Nov. 2, 1981) "[T]he jury's finding on willfulness or lack thereof is merely advisory . . . and the Court may increase the jury's damage award if upon its own examination of all the circumstances the Court should find such an increase justified . . . .").

148. Shiley, Inc. v. Bentley Labs., Inc., 794 F.2d 1561, 1568 (Fed. Cir. 1986) ("All fact findings of a jury are non-advisory, unless made in an area expressly removed from jury verdict."). In summarizing the reasoning in *Shiley*, one article states the role of the jury in enhanced damages as follows:

> The jury's findings on willfulness are non-advisory, but they have limited consequences. If the jury finds that the defendant did willfully infringe the patents, the court has discretion to refrain from awarding increased damages. If the jury finds no willfulness, the court may overturn the ruling on a motion for judgment as a matter of law, and award treble damages.

Matthew D. Powers & Steven C. Carlson, *The Evolution and Impact of the Doctrine of Willful Patent Infringement*, 51 SYRACUSE L. REV. 53, 109–10 (2001).

149. *See* Halo Elecs., Inc. v. Pulse Elecs., Inc., 136 S. Ct. 1923, 1930–31 (2016) (discussing the two cases that prompted the Supreme Court to grant certiorari on the issue of enhanced damages).

150. *Id.*

151. *Id.* at 1931.

152. *Id.*

the Federal Circuit vacated the enhanced damages by finding the defendant asserted reasonable defenses to the infringement.[153] Therefore, even though the *Seagate* test was used in both cases, the outcomes demonstrated how willfulness remained a legal question for the judge's determination.[154]

However, the final outcome of *Halo v. Pulse* was an abrogation of the *Seagate* test.[155] In *Halo*, the Supreme Court did not hold that willfulness was the overall determinant for "egregious" cases of misconduct.[156] The Court instead stated that egregious misconduct is typified by willful misconduct.[157] Since the decision, the Federal Circuit continues to read willfulness into the inquiry of "egregious" misconduct.[158] The Federal Circuit reinforced its intent to retain its willfulness precedent by stating it "do[es] not interpret *Halo* as changing the established law that the factual components of the willfulness question should be resolved by the jury."[159] However, the Federal Circuit did go on to state:

> [*Halo*] leaves in place [the] prior precedent that there is a right to a jury trial on the willfulness question . . . . Whether the conduct is sufficiently egregious as to warrant enhancement and the amount of the enhancement that is appropriate are committed to the sound discretion of the district court.[160]

153. *Id.*
154. *Id.* at 1930–31.
155. *See Halo*, 136 S. Ct. at 1933–34 (abrogating the two-part framework of *In re Seagate*).
156. *Id.*
157. *Id.* at 1934 ("Consistent with nearly two centuries of enhanced damages under patent law, however, such punishment should generally be reserved for egregious cases typified by willful misconduct.").
158. *See* WBIP, LLC v. Kohler Co., 829 F.3d 1317, 1339–40 (Fed. Cir. 2016) (holding on arguments of willfulness in the context of enhanced damages after *Halo v. Pulse*).
159. *Id.* at 1341.
160. *Id.* at 1341 n.13.

Therefore, the Federal Circuit continues to hold that willfulness is a question of fact, but the ultimate determination of egregiousness is a question of law.[161]

In the wake of *Halo v. Pulse*, district courts began using different approaches to determine egregious misconduct.[162] Some courts now completely rely upon the nine *Read v. Portec* factors created prior to the *Seagate* test.[163] These factors ask the court to determine:

> (1) Whether [the] infringer deliberately copied; (2) Whether the infringer, when he knew of the other's patent, investigated the scope of the patent and formed a good-faith belief that it was invalid or that it was not infringed; (3) The infringer's behavior as a party to the litigation; (4) Infringer's size and financial condition; (5) Closeness of the case; (6) Duration of the infringer's misconduct; (7) Remedial action by the infringer; (8) Infringer's motivation for harm; and (9) Infringer's attempt to conceal its misconduct.[164]

Even the *Read* factors implicate some "evidentiary underpinnings" that "[fall] somewhere between a pristine legal standard and a simple historical fact."[165] For instance, deliberate copying—factor one—can be seen as synonymous with "willful infringement."[166] Such a

161. *See id.*

162. Bruce Barker, *A Review of Post-Halo Decisions on Enhanced Damages*, CHAO HADIDI STARK AND BARKER LLP (Aug. 12, 2016), http://www.chsblaw.com/single-post/2016/08/12/Under-Halo-Test-For-Enhanced-Damages-Jury-First-Determines-the-Infringers-Willful-Intent-then-Judge-Assesses-Egregiousness [https://perma.cc/VR8X-D333] (discussing the factors district courts are using to determine enhanced damages after the decision in *Halo v. Pulse*).

163. Read Corp. v. Portec, Inc. 970 F.2d 816, 827 (Fed. Cir. 1992); Barker, *supra* note 162.

164. Barker, *supra* note 162.

165. Teva Pharms. USA, Inc. v. Sandoz, Inc., 135 S. Ct. 831, 838, 842 (2015) (quoting Markman v. Westview Instruments, Inc., 517 U.S. 370, 378, 388, 390 (1996)). *Teva v. Sandoz* expanded the holding in *Markman*—that claim construction is a question of law despite the "evidentiary underpinnings" of the issue—and held that the evidentiary underpinnings found by the judge are to be reviewed under the clear-error standard. *Id.* at 842.

166. *See* Dominion Res. Inc. v. Alstom Grid, Inc., No. 15-224, 2016 U.S. Dist. LEXIS 136728, at *61 (E.D. Pa. Oct. 3, 2016) (holding that copying is a lesser standard than willful because the alleged infringer went to a trade show before the infringement, and that "supports the inference the accused

correlation makes it seem that the factual inquiries of willfulness would also be considered in determining if deliberate copying existed.[167] Furthermore, factor five considers the closeness of the case.[168] Closeness of the case depends, in part, on the strength of the evidence for invalidity or infringement.[169] Therefore, even this factor mixes both questions of fact and questions of law.[170]

In the future, a determination of whether the judge or the jury decides if the conduct was "egregious" will help litigants know the likelihood of treble damages;[171] will limit the progress of infringement trials by shortening how much time is spent on showing malicious intent;[172] and will lower the cost of litigation by decreasing the abuse of willfulness allegations.[173] Therefore, a determination

---

infringer 'was at least reckless as to whether it copied'"); CleanCut, LLC v. Rug Doctor, Inc., No. 2:08-cv-836, 2013 U.S. Dist. LEXIS 16151, at *7–8 (D. Utah Feb. 4, 2013) (using the defendant's "willful decision to offer substantially similar" products in determining the first *Read* factor weighed in favor of enhanced damages).

167. *See* Halo Elecs., Inc. v. Pulse Elecs., Inc., 136 S. Ct. 1923, 1931 (2016). In *Halo* the jury held that the defendant "all-but instructed its design team to copy Stryker's products," and this information was used in determining willful infringement. *Id.*

168. *Read Corp.*, 970 F.2d at 827.

169. *Dominion Res. Inc.*, 2016 U.S. Dist. LEXIS 136728 at *65 (holding factor five as neutral because "[t]he affirmative defenses of invalidity due to prior art and obviousness were close calls."); Arthur S. Beeman & Jeff Leung, *How The 'Read Factors' Can Help Software Cos. Post-Halo*, LAW360 (Sept. 12, 2016, 12:06 PM), http://www.law360.com/articles/836590/how-the-read-factors-can-help-software-cos-post-halo [https://perma.cc/8BDG-87HR] (stating that courts look "[i]n favor of enhanced damages where strong evidence in support of infringement and against all invalidity theories").

170. *See* Frederick L. Whitmer, *Claim Construction in Patent Cases: A Question of Law?*, 2 LANDSLIDE, no. 6, July/Aug. 2010, at 4 ("Post-Framing precedent, moreover, characterizes the question of construing the patent as a question for the court and determining infringement as a question of fact for the jury."); Maryann T. Puglielli, *Obviousness, a Question of Law and Fact, Is Reviewable on JMOL in Certain Cases*, FINNEGAN (Aug. 2010), http://www.finnegan.com/files/upload/FCN_Aug10_3.html [https://perma.cc/2LU2-ZEB5] (discussing how motivation to combine—in the scope of obviousness and thus invalidity—is considered a question of fact, but when factual inquiries are not at issue, the issue is a question of law).

171. *See* Moore, *supra* note 41, at 393 ("Juries find willfulness in almost three of four cases (71%) and judges only find it half the time (53%), suggesting that juries are more easily convinced of an infringer's thieving intent.").

172. *See* Wisnia & Jackman, *supra* note 12, at 478–79 ("If defendants know that a jury will be considering their litigation behavior in the context of enhanced damages they will likely shift their behavior. Judges, unlike juries, are likely immunized to a certain extent by some of the more abusive litigation tactics that parties use.").

173. *See* Means, *supra* note 106, at 2014 ("Willfulness claims are unnecessarily costing courts and litigants a fortune because: (1) patent litigation is expensive, (2) willfulness claims constitute a substantial proportion of that expense, (3) willfulness is almost always alleged in patent litigation, and

must be made as to whether the judge or the jury determines if the infringing conduct should result in enhanced damages.

III. Proposal

Halo v. Pulse provided district courts with broad discretion to determine an infringing act's egregiousness.[174] The case also held that willfulness is not the ultimate question in determining whether enhanced damages are appropriate.[175] Therefore, because egregiousness is the ultimate question, the *Read* factors provide a solid framework to assist the district court judge on the issue of egregiousness.[176] Additionally, statutory interpretation, precedent, and the technical nature of patent infringement suggest that any factual determinations made regarding egregiousness should be considered solely by the judge.[177] Therefore, a logical approach to ensure uniformity and finality to an enhanced damages award is to create a post-trial evidentiary hearing on the issue.[178]

A. Willfulness Is Not the Ultimate Question

1. The Read *Factors Appropriately Address Egregiousness*

It must first be recognized that willful infringement is not the main question to ask when considering enhanced damages; rather, egregious misconduct is merely typified by willful infringement.[179] Precedent considering willfulness as mere guidance for assessing the

(4) infringement is almost never found to be willful.").

174. *See infra* Part II.B.3 (discussing the abrogation of the *In re Seagate* framework and holding that a determination of egregious misconduct is in the discretion of the district court).

175. *See id.*; *see also* Halo Elecs., Inc. v. Pulse Elecs., Inc., 136 S. Ct. 1923, 1935 (2016) (stating egregious misconduct is typified by willful misconduct).

176. *See infra* Part III.A.1.

177. *See infra* Part III.A.2.

178. *See infra* Part III.B.

179. *Halo*, 136 S. Ct. at 1936 (Breyer, J., concurring) (citation omitted) ("And while the Court explains that 'intentional or knowing' infringement 'may' warrant a punitive sanction, the word it uses is may, not must . . . . It is 'circumstanc[e]' that transforms simple knowledge into such egregious behavior, and that makes all the difference.").

totality of the circumstances predates the Federal Circuit.[180] The Federal Circuit also noted that egregiousness was the ultimate question in its 1992 *Read v. Portec* decision.[181] Finally, the Court, in deciding *In re Seagate*, attempted to clarify that willfulness is not the ultimate question, but merely an important factor of egregiousness, by stating the following:

> To be sure, the majority rule has been that an award of enhanced damages pursuant to section 284 requires a finding of willfulness. However, the existence of this "longstanding controversy" adequately demonstrates that Congress was not merely reenacting consistently-interpreted statutory language with the 1952 Act so as to justify the inference suggested in GM. Therefore, I am of the judgment that this court should not continue to read a willfulness requirement into section 284, to support the enhancement of damages. That said, willfulness remains a relevant consideration under section 284.[182]

Therefore, when the Federal Circuit defined the scope of willfulness in *In re Seagate*, willfulness continued to be the pivotal question regarding enhancement.[183] In *Halo v. Pulse*, the Supreme Court clarified that more than willfulness should be considered because "Section 284 permits district courts to exercise their discretion in a manner free from the inelastic constraints of the *Seagate* test," and "courts should continue to take into account the particular

180. White v. Mar-Bel, Inc., 369 F. Supp. 1321, 1326 (M.D. Fla. 1973), *aff'd in part, rev'd in part*, 509 F.2d 287 (5th Cir. 1975) (stating that the jury finding of willfulness was advisory for the court to use in their determination); *Court Jurisdiction*, U.S. CT. OF APPEALS FOR THE FED. CIR., http://www.cafc.uscourts.gov/the-court/court-jurisdiction (last visited Oct. 7, 2017).

181. Read Corp. v. Portec, Inc., 970 F.2d 816, 826 (Fed. Cir. 1992) ("[A] finding of willful infringement does not mandate that damages be enhanced, much less mandate treble damages.").

182. *In re* Seagate Tech., LLC, 497 F.3d 1360, 1384 (Fed. Cir. 2007).

183. *See Halo*, 136 S. Ct. at 1926. The Supreme Court found it important to abrogate the *In re Seagate* test because the determination of enhanced damages became too rigid. *Id.* at 1930, 1932.

circumstances of each case in deciding whether to award damages."[184]

The Federal Circuit originally created the *Read* factors to help determine egregiousness.[185] Although some courts used willfulness as a "first-step" test for enhanced damages and then used the *Read* factors to determine the degree of enhancement,[186] the proper use of the *Read* factors was, and still is, to determine the level of egregiousness and, in turn, whether enhanced damages are appropriate.[187] This does not mean that willfulness is not an important aspect of determining egregious misconduct.[188] The *Read* factors actually do consider the issue of willfulness. For instance, factor one asks if the alleged infringer deliberately copied the claimed invention.[189] Deliberate copying may not, however, require willful copying, given that "the Federal Circuit held that willfulness does not require intentional infringement."[190] The Federal Circuit also held, however, that willfulness is a sliding scale that includes deliberateness: "'Willfulness' 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."[191] Therefore, since the *Read*

184. *Id.* at 1933–34 (2016).

185. *Read Corp.*, 970 F.2d at 826 ("The paramount determination in deciding to grant enhancement and the amount thereof is the egregiousness of the defendant's conduct based on all the facts and circumstances.").

186. *See* Cognex Corp. v. Microscan Sys., No. 13-CV-2027, 2014 U.S. Dist. LEXIS 91203, at *7 (S.D.N.Y. June 29, 2014) (citations omitted) ("Although '[a] finding of willful infringement is a prerequisite to the award of enhanced damages, . . . [w]hether—and how much—to enhance an award of damages is determined by 'the egregiousness of the defendant's conduct based on all the facts and circumstances.'"); WBIP, LLC v. Kohler Co., No. 11-10374-NMG, 2014 U.S. Dist. LEXIS 17717, at *11–19 (D. Mass. Feb. 12, 2014) (considering *Seagate* as the "first step of the test" for determining willful infringement, and then using the *Read* factors to determine amount of enhancement).

187. *Read Corp.*, 970 F.2d at 826 (emphasis added) ("The paramount determination *in deciding to grant enhancement* and the amount thereof is the egregiousness of the defendant's conduct based on all the facts and circumstances.").

188. *Halo*, 136 S. Ct. at 1932 ("The sort of conduct warranting enhanced damages has been variously described in our cases as willful, wanton, malicious, bad-faith, deliberate, consciously wrongful, flagrant, or—indeed—characteristic of a pirate.").

189. *Read Corp.*, 970 F.2d at 827.

190. Czanik, *supra* note 48, at 287.

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

factors appropriately determine if the case was sufficiently egregious to justify enhancing damages, the trial judge should use the factors in her determination. The judge should also consider willfulness as supplementing the *Read* factors while determining if the totality of the circumstances justify enhanced damages.

2. The Judge, Not the Jury, Should Determine Willfulness

As discussed above, willfulness is a very important aspect in determining the egregiousness of the infringement. Although it has long been understood that courts have the discretion to decide the amount of the enhancement,[192] *Halo v. Pulse* made it clear that the court also enjoys the broad discretion of determining whether enhanced damages are appropriate.[193] Even so, patent damages can be multiplied by any number from one to three times the amount of actual damages found by the jury.[194] If the judge has the authority to only multiply the damages by one, then it really does not matter if a jury decides if the infringement was willful or egregious.[195] Therefore, the judge should similarly have the authority to make the determination on the substantive issue of willful or egregious infringement.

Furthermore, an alleged infringer does not have the right to a trial by jury for three reasons. First, Section 284's text clearly indicates that the statute does not confer the right to trial by jury on the question of enhanced damages.[196] The section states, "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

192. Morris, *supra* note 72, at 446 ("[T]he court, not the jury, decides whether to multiply the actual damages by a number between 1 and 3.").

193. *Halo*, 136 S. Ct. at 1934 (citation omitted) ("It 'commits the determination' whether enhanced damages are appropriate 'to the discretion of the district court' and 'that decision is to be reviewed on appeal for abuse of discretion.'").

194. Patent Act of 1836, ch. 357, § 14, 5 Stat. 117, 123 (1836).

195. *See supra* note 148 and accompanying text (discussing the limited consequence of the jury's findings if the judge determines how much to increase the actual damages).

196. *See supra* Part II.A (discussing a similarity to copyright law and how the term "court" means "judge").

amount found or assessed."[197] The Fifth Circuit agreed that "court" meant "judge" by acknowledging that substituting the word judge or jury into Section 284 would create ambiguity by essentially allowing the statute to "read nonsensically: 'When the damages are not found by a jury, the (jury or judge) . . . shall assess them.'"[198]

Second, the Seventh Amendment does not guarantee a trial by jury for enhanced damages. Although the Federal Circuit stated that *Halo v. Pulse* "leaves in place [the] prior precedent that there is a right to a jury trial on the willfulness question,"[199] this legal conclusion has differing precedent. The Fifth Circuit, prior to the creation of the Federal Circuit, held that the Seventh Amendment does not apply to enhanced damages because the idea of enhanced damages is new to American patent law, and the Act of 1836 made clear that only actual damages are determined by the jury.[200] In fact, use of the *Markman* test for determining Seventh Amendment rights, see *supra* Part II.B.1, clarifies that no right to trial by jury is required for enhanced damages.[201]

Finally, judges are in a better position than juries to decide willfulness and egregiousness due to a judge's ability to consider technical, yet objective facts—such as knowledge of a similar patent or possibility of infringement.[202] *Markman* stressed that there are situations that blur the line between fact and law, and sometimes "one judicial actor is better positioned than another to decide the issue in question."[203] The case of enhanced damages in patent infringement presents one of those situations. Some questions in patent law impose complexities for which the judge is "better suited to separate subjective inquiry facts from objective inquiry facts."[204]

197. 35 U.S.C. § 284 (2012).
198. Swofford v. B & W, Inc., 336 F.2d 406, 412 (5th Cir. 1964).
199. WBIP, LLC v. Kohler Co., 829 F.3d 1317, 1341 n.13 (Fed. Cir. 2016).
200. *See Swofford*, 336 F.2d at 412–13.
201. Pegram, *supra* note 108, at 280 ("No case was found in which a British jury addressed the issue of increased awards or punitive damages in a patent infringement case.").
202. Czanik, *supra* note 48, at 297–98.
203. Markman v. Westview Instruments, Inc., 517 U.S. 370, 388 (1996) (quoting Miller v. Fenton, 474 U.S. 104, 114 (1985)).
204. Czanik, *supra* note 48, at 298.

For example, many of the *Read* factors are better suited for a judge who has more training in the highly technical field of patent law. Factor two asks whether the infringer formed a good-faith belief that the patent was invalid.[205] Claim construction is very important to whether a patent claim is valid, and *Markman* decided that claim construction, even though it contains many factual elements, is more appropriately determined by the judge; interpreting written instruments, especially in the highly technical area of patent litigation, is something judges often do.[206] Additionally, deliberate copying contains elements of willfulness, or at least culpability, and "[a] jury lacks the experience acquired from years of sitting on the bench in determining which actions constitute objective recklessness."[207] Therefore, many aspects of egregiousness are, and have been determined to be, clearly appropriate for a judge to decide.

B. An Evidentiary Hearing for Egregiousness

1. The Test and Approach

Since willful or egregious infringement shares many of the factual and legal questions found in claim construction, the holding and aftermath of *Markman* proves helpful in analyzing the appropriate handling of egregious misconduct. The Supreme Court believed that judges would not only more accurately determine claim construction, but would also create more uniformity in how claims are construed across jurisdictions.[208] The holding in *Markman* created the "Markman hearing," which judges conduct solely to construe a

205. Read Corp. v. Portec, Inc. 970 F.2d 816, 827 (Fed. Cir. 1992).
206. *Markman*, 517 U.S. at 388–89.
207. Czanik, *supra* note 48, at 298.
208. Timothy M. Salmon, *Procedural Uncertainty in Markman Hearings: When Will the Federal Circuit Show the Way*, 18 ST. JOHN'S J.L. COMM. 1031, 1032–33 (2004) (stating that the Supreme Court held that the trial court's ability to interpret legal documents put them in a better position to interpret patent claims); *see also* Joan E. Schaffner, *The Seventh Amendment Right to Civil Jury Trial: The Supreme Court Giveth and The Supreme Court Taketh Away*, 31 U. BALT. L. REV. 225, 244 (2002) (stating that a jury's ability to sense human conduct is not as important in claim construction, and a judge's determination will create more uniformity in decisions).

patent's claims.[209] A similar evidentiary hearing on egregiousness would prove beneficial to separate egregiousness from the issues of validity and infringement. Unlike in the Markman hearing, where the judge can either hold the hearing before considering infringement or later, before instructing the jury,[210] the most beneficial time to hold an Enhanced Damages hearing would be after a post-trial motion to address the issue.[211] Enhanced damages depend on whether the jury finds actual damages,[212] and therefore the hearing can only take place after the jury concludes there was infringement and imposes actual damages. In these hearings, the judge will be able to make use of the evidentiary findings made at the trial. Furthermore, the hearing could be treated similar to a Markman hearing in regard to extrinsic evidence. Evidence not previously gathered during the course of the trial could supplement the decision of the trial judge if, and only if, the evidence at trial is not sufficiently persuasive to address the infringement's egregiousness.[213]

2. The Benefits of a Post-Trial Enhanced Damages Hearing

The benefit of a judge holding a post-trial hearing is three-fold. First, it will reduce prejudice toward the alleged infringer during the trial.[214] Issues of culpability will not be the main focus of the trial if

209. Salmon, *supra* note 208, at 1034.

210. *Patent Tips,* MARKMAN HEARING, http://www.markmanhearing.org/ [https://perma.cc/8TQM-6KDN] (last visited Sept. 7, 2017).

211. *See* Swofford v. B & W, Inc., 336 F.2d 406, 413 (5th Cir. 1964) (holding that a finding of "willfulness, deliberateness, and increased damages should properly await final judgment"); ANDREW J. PINCUS & BRIAN A. ROSENTHAL, MAYER BROWN, WHAT'S WILLFUL NOW? THE PRACTICAL IMPACT OF THE SUPREME COURT'S HALO V. PULSE PATENT WILLFULNESS DECISION 15 (2016), https://www.mayerbrown.com/files/Event/6c269db6-c384-4830-aa4e-557199cd36d5/Presentation/EventAttachment/fbd4fcfb-7525-462b-aff8-8082e410cbec/160616-WDC-IP-WEBINAR-Halo-Slides.pdf [https://perma.cc/9FTW-AXXK] (discussing how litigants may now begin asking for post-trial motions, outside the presence of the jury, on the issue of willfulness).

212. 35 U.S.C. § 284 (2012).

213. *See* Salmon, *supra* note 208, at 1035 (citing Vitronics Corp. v. Conceptronic, 90 F.3d 1576, 1584 (Fed. Cir. 1996)) (stating that extrinsic evidence should only be used in a Markman hearing when there is "still some genuine ambiguity in the claims, after consideration of the all available intrinsic evidence").

214. Kimberly A. Moore, *Empirical Statistics on Willful Patent Infringement*, 14 FED. CIR. B.J. 227, 235 (2004) ("Willfulness evidence is among the most prejudicial and damages evidence among the most

willfulness is not at question when the ultimate issue of infringement is decided.[215] Including information about the culpability of the alleged infringer at trial has a tendency to confuse the jury on other issues at trial—namely on validity and infringement.[216] This will protect the defendant from a presumption of infringement due to any bad-faith practices undertaken in the course of their business or during litigation.[217]

Second, a post-trial hearing on enhanced damages has the benefit of increasing the efficiency of the trial. Claims of willful infringement add another dimension to the trial and thus expend greater resources during the trial.[218] The threat of willful infringement alone increases the cost of the litigation, as resources will certainly be spent trying to defend the alleged infringer's conduct surrounding the infringement.[219] Since less than 2% of all patent cases ever reach the merits of willful infringement, and less than 5% of patent cases are even decided at trial,[220] determining willful infringement in a post-trial hearing will stop unnecessary litigation of willful infringement in cases that do not even reach their merits.[221]

---

complex. Eliminating this evidence from the trial would greatly simplify the issues and the trial.").

215. *See* Powers & Carlson, *supra* note 148, at 94 (discussing how bifurcation of invalidity and willfulness can lower the prejudice towards the infringer).

216. *See* Moore, supra note 41, at 369–70 (discussing the biases juries have towards litigants and how juries are swayed by tangential factors such as willfulness). As discussed in Part III.B.1, the *Read* factors should be used by the judge in determining egregiousness. Therefore, other factors, such as whether the infringer "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 infringed" will be considered in a post-trial, Enhanced Damages hearing. Read Corp. v. Portec, Inc., 970 F.2d 816, 827 (Fed. Cir. 1992). These factors can also create a presumptive "willfulness" in the eyes of the jury, and therefore create the same type of confusion as "willfulness." *See* Lemley & Tangri, *supra* note 46, at 1091–92.

217. *See* Lemley & Tangri, *supra* note 46, at 1091–92.

218. Means, *supra* note 106, at 2016 (citations omitted) (stating that even though patent infringement does not ask about the culpability of the infringer, "[w]illfulness under the current law requires an inquiry into what the alleged infringer knew or should have known. Willfulness is therefore a factor that 'increases the cost and decreases the predictability of patent infringement litigation . . . .'"); Moore, *supra* note 214, at 235.

219. Moore, *supra* note 214, at 235.

220. Christopher B. Seaman, *Willful Patent Infringement and Enhanced Damages After* In Re Seagate*: An Empirical Study*, 97 IOWA L. REV. 417, 436 (2012).

221. *See* Moore, *supra* note 214, at 232 (discussing how 92% of all patent infringement cases included a claim of willful infringement without any factual support).

Finally, allowing a judge to determine egregiousness in a post-trial hearing will create consistency across jurisdictions. Judges are better positioned to make determinations of objective facts such as knowledge of a similar patent or possibility of infringement.[222] Prior to *In re Seagate*, one study found there was no statistically-significant difference when a judge or a jury found willful infringement.[223] After *In re Seagate*, judges began declining enhanced damages awards because they regarded the evidence considered by the jury as particularly weak.[224] It is understood "that when the evidence supporting a jury's willfulness findings is relatively weak, it is appropriate for the district court to not award enhanced damages."[225] Therefore, now that courts no longer use the *Seagate* test, a judge deciding the issue of enhanced damages in a post-trial hearing will not significantly differ from a jury deciding that issue.[226] Also, a judge will not be inclined to disregard enhanced damages based on the weak evidence a jury considers. If the judge decides the infringement was egregious, then the judge will enhance the actual damages and the decision is final.

3. The Standard of Review

The standard of review is a very important element for promoting the consistency of decisions. In *Halo v. Pulse*, the Supreme Court granted district courts the discretion to award enhanced damages.[227] The Court's intent was to "allow[] district courts to punish the full range of culpable behavior."[228] What the Court did not address was the situation where the judge was acting as the fact finder—as would be the case in a post-trial hearing on enhanced damages. In *Markman*, the Supreme Court discussed this situation: the judge is in

222. Czanik, *supra* note 48, at 297–98.
223. Seaman, *supra* note 220, at 467.
224. *Id.*
225. *Id.*
226. *See id.*
227. Halo Elecs., Inc. v. Pulse Elecs., Inc., 136 S. Ct. 1923, 1934 (2016).
228. *Id.* at 1933.

the best position to make determinations, but the inquiry includes "evidentiary underpinnings."[229] Even though the district court has the broad discretion to determine if enhanced damages are appropriate, subsidiary fact-finding—such as credibility of witnesses or extrinsic evidence—will be necessary in a post-trial, Enhanced Damages hearing.[230]

The Supreme Court's holding in *Teva v. Sandoz* is helpful to the situation, as in an Enhanced Damages hearing, where the judge will be making some historically-factual findings. The Court in *Teva* held that both Rule 52(a) of the Federal Rules of Civil Procedure and precedent suggest that issues that include factual determinations necessitate a "clearly erroneous" standard of review.[231] There the Court separated decisions about claim construction from the district court's legal determinations on the construction—factual determinations regarding the construction are to be reviewed for clear error, while the district court's ultimate construction of the claim is reviewed de novo.[232] A similar method would create consistency in enhanced damages inquiries by potentially lowering the Federal Circuit's reversal rates.[233] Factual determinations made by the judge in a post-trial hearing could be reviewed for clear error while the actual award of enhanced damages would be reviewed for abuse of discretion. This would help create "national uniformity, consistency, and finality"[234] for enhanced damages awards by requiring the

229. Markman v. Westview Instruments, Inc., 517 U.S. 370, 388–90 (1996).

230. *See* Teva Pharms. USA, Inc. v. Sandoz, Inc., 135 S. Ct. 831, 838 (2015) (discussing the "evidentiary underpinnings" that come up when analyzing claim construction).

231. *Id.*

232. *Id.* at 841.

233. *See Supreme Court Holds That Certain Aspects of Claim Construction Decisions Merit Deference on Appeal*, WOLF GREENFIELD (Jan. 21, 2015), http://www.wolfgreenfield.com/publications/ip-alerts/2015/aspects-of-claim-construction-decisions-merit-deference [https://perma.cc/YJ4G-6X53] (discussing how a de novo standard of review by the Federal Circuit in claim construction creates unpredictability and high reversal rates on the issue). This statement suggests that a judge's factual findings regarding willfulness should be reviewed only for clear error. A clear error standard, as opposed to a de novo standard, could help to reduce the Federal Circuit's ability to reverse a finding of willfulness. *See id.*

234. Lighting Ballast Control LLC v. Philips Elecs. N. Am. Corp., 744 F.3d 1272, 1277 (Fed. Cir. 2014).

Federal Circuit to give deference to the district court's fact-finding.[235] This strong standard of district court discretion is, after all, the intent of Section 284.[236]

CONCLUSION

The issue of enhanced damages in patent law has transformed a great deal since the creation of the Federal Circuit in 1982.[237] Although the Federal Circuit developed different tests to assist in determining willful infringement, the Supreme Court held in *Halo v. Pulse* that the ultimate issue is the egregiousness of the infringement, and the district court has broad discretion to consider evidence of whether to impose enhanced damages.[238] The question remains whether a judge should determine willfulness, regardless of whether it is the ultimate question for enhanced damages.

Although the Federal Circuit continues to consider willfulness as a question of fact for the jury to decide,[239] there is evidence that willfulness considerations in enhanced damages are not subject to the guarantees of a jury trial. The statute does not suggest that Congress intended to confer such a right;[240] no common-law right significantly similar to enhanced damages existed prior to the ratification of the Seventh Amendment,[241] and early precedent suggests that judges alone tried the issue of enhanced damages.[242]

Since a judge has the authority to make the decision on enhanced damages, creating a post-trial hearing on enhanced damages, similar

235. *See* Dennis Crouch, *Giving Deference to the Supreme Court in* Teva v. Sandoz, PATENTLY-O (Jan. 21, 2015), http://patentlyo.com/patent/2015/01/deference-supreme-sandoz.html (discussing how viewing factual determinations through the clear-error standard may result in fewer reversals).

236. *See* Halo Elecs., Inc. v. Pulse Elecs., Inc., 136 S. Ct. 1923, 1933–34 (2016) ("Section 284 permits district courts to exercise their discretion in a manner free from the inelastic constraints of the *Seagate* test.").

237. *See* discussions *supra* Parts I.B, I.C.

238. *Halo*, 136 S. Ct. at 1932.

239. WBIP, LLC v. Kohler Co., 829 F.3d 1317, 1341 (Fed. Cir. 2016).

240. *See supra* Part II.A (discussing a similarity to copyright law and how the term "court" means "judge").

241. Pegram, *supra* note 108, at 280.

242. Swofford v. B & W, Inc., 336 F.2d 406, 412–13 (5th Cir. 1964).

to the Markman hearings on claim construction, would foster judicial efficiency on the issue. In this hearing, the judge will consider the nine *Read* factors in deciding, under the totality of the circumstances, whether the infringement was egregious.[243] In evaluating the nine factors, the judge can consider willfulness of the infringement in her determination. The judge should feel free to include willfulness inquiries in the factors that overlap with intent, such as "deliberate copying" in factor one; the judge should also feel free to include willful or malicious intent while determining the "closeness of the case."

Finally, the evidentiary conclusions made by the judge would be reviewed for clear error. However, the decision of whether and how much to enhance damages would continue to be reviewed for abuse of discretion. Allowing judges to assess willful, egregious infringement will reduce prejudice at trial, increase judicial efficiency, and foster predictable outcomes in litigation.[244] This method provides the district court the broad discretion granted by the clear language of 35 U.S.C. § 284.[245]

243. Read Corp. v. Portec, Inc. 970 F.2d 816, 827 (Fed. Cir. 1992).

244. *See supra* Part III.B.2.

245. Halo Elecs., Inc. v. Pulse Elecs., Inc., 136 S. Ct. 1923, 1933–34 (2016). In summarizing the broad discretion of the district court judge, which the Supreme Court understands Section 284 grants, the Court stated the following:

> Section 284 allows district courts to punish the full range of culpable behavior. Yet none of this is to say that enhanced damages must follow a finding of egregious misconduct. As with any exercise of discretion, courts should continue to consider the particular circumstances of each case in deciding whether to award damages, and in what amount. Section 284 permits district courts to exercise their discretion in a manner free from the inelastic constraints of the *Seagate* test.

Id.