

WHO DECIDES ENHANCED DAMAGES?

*Mitchell G. Stockwell**

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I. INTRODUCTION

Empirical studies have shown that juries find willfulness more frequently than judges, and that changes to the standard for assessing willfulness do not impact the rate at which juries find willfulness.¹ Those changes, embodied in *In re Seagate Technology, LLC*,² require clear and convincing evidence that: (1) “the infringer acted despite an objectively high likelihood that its actions constituted infringement of a valid patent”; and (2) the risk of infringement “was either known or so obvious that it should have been known to the accused infringer.”³ Instead, these changes to the *Seagate* standard resulted in more post-trial decisions by district judges that there was no willfulness shown as a matter of law.⁴ This, in turn, decreased enhanced-damages awards since willfulness is a necessary predicate to such awards. The Supreme Court’s recent decision in *Halo Electronics, Inc. v. Pulse Electronics, Inc.*⁵ loosens both the evidentiary burden and the standard. Thus, *Halo* will likely result in more willful-infringement findings but will certainly result in more affirmations of those awards by district courts.

It is unclear, however, whether an increased number of “sustained” willfulness findings will translate into more enhanced damages awards. Objective recklessness may remain as a consideration trial courts can take into account in deciding whether to enhance,⁶ which suggests that trial judges who may have found no willfulness on post-trial motions under *Seagate* may be less likely to enhance under *Halo*. On the other hand, the broader discretion trial courts now

¹ See, e.g., Christopher B. Seaman, *Willful Patent Infringement and Enhanced Damages After In re Seagate: An Empirical Study*, 97 IOWA L. REV. 417, 445, 445 tbl.3 (2012) (explaining that juries found willfulness roughly 60% of the time pre-*Seagate* and 62% of the time post-*Seagate*, while judges found willfulness 54% of the time pre-*Seagate* and only 19% of the time post-*Seagate*).

² 497 F.3d 1360 (Fed. Cir. 2007).

³ *Id.* at 1371.

⁴ See Seaman, *supra* note 1, at 445 (explaining that after *Seagate*, district-court judges granted more motions for judgment as a matter of law during willfulness trials and tended to find willfulness only 19% of the time).

⁵ 136 S. Ct. 1923, 1934 (2016).

⁶ See *WesternGeco LLC v. ION Geophysical Corp.*, 837 F.3d 1358, 1363 (Fed. Cir. 2016) (quoting *Halo*, 136 S. Ct. at 1933–34) (“[D]istrict courts should exercise their discretion, ‘tak[ing] into account the particular circumstances of each case,’ and consider all relevant factors in determining whether to award enhanced damages.”).

have to award attorney's fees has resulted in more fee awards, and similar discretion in awarding enhanced damages may also increase rates of such awards.⁷

But what has received little focus is whether, in fact, the amount of enhancement is really an issue for the trial judge. Could it be that the issue is actually squarely for the jury? Controlling Supreme Court authority suggests there is a Seventh Amendment right to have a jury determine the amount of enhanced damages, if a plaintiff so demands.⁸ While the Patent Act itself provides the trial judge discretion to enhance damages, the Supreme Court's decision in *Feltner v. Columbia Pictures Television, Inc.* suggests that one must still consider whether, if a demand for jury assessment of enhanced damages is made, there is a constitutional right to have a jury resolve that question.⁹ Considering the factors outlined in *Feltner* and other Supreme Court authority,¹⁰ there is a reasonable

⁷ See, e.g., Letter from Edgar Haug, President-Elect, Fed. Circuit Bar Assoc., to Bob Goodlatte, Chairman & John Conyers, Jr., Ranking Member, Comm. on the Judiciary 1 (Apr. 13, 2015), <http://www.thenalfa.org/files/FCBA-Fee-Shifting-Paper.pdf> [<https://perma.cc/53PQ-MTAV>] (providing that "district courts have awarded fees to prevailing accused infringers in over four times as many cases in the eleven months post *Octane* than in the 12 months pre *Octane*").

⁸ See, e.g., *Feltner v. Columbia Pictures Television, Inc.*, 523 U.S. 340, 353 (1998) (holding that "the Seventh Amendment provides a right to jury trial where the copyright owner elects to recover statutory damages").

⁹ See *id.* at 346–47, 353 (finding a constitutional right to a jury trial for copyright infringement where there was no statutory right to a jury trial); see also 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 COMPUTER & HIGH TECH. L.J. 461, 476–78 (2015) (arguing that the language in § 284 of the patent act, which provides that the courts may increase damages for willful infringement, should be construed to require a jury assessment because it is similar to the copyright statute the Court considered in *Feltner*, where the court found copyright owners have a Seventh Amendment right to have a jury make damages determinations).

¹⁰ *Feltner*, 523 U.S. at 348 (holding the Seventh Amendment applies to both common-law causes of action and actions "to enforce statutory rights that are analogous to common-law causes of action," and that the court should consider "the nature of the statutory action and the remedy sought" to determine if a claim is more legal in nature than equitable) (internal citations omitted); see also *Markman v. Westview Instruments, Inc.*, 517 U.S. 370, 376 (1996) (holding that in determining whether a claim is guaranteed a jury trial under the Seventh Amendment a court must "ask, first, whether we are

argument that both liability for enhanced damages and the amount of enhanced damages is a jury issue.

This constitutional issue will likely ultimately be raised by a plaintiff unsatisfied with a lower court's refusal to enhance. If the argument outlined here is rejected, and it turns out there is no constitutional role for the jury in assessing enhanced damages, another question arises: Why should juries assess willful infringement at all? This Article advocates that from a functional perspective they should not — either the enhancement issue is one in which there is a requirement for a jury trial, if so demanded; or, it is a simple exercise of the trial judge's discretion and no jury finding on willfulness is needed. Indeed, requiring such jury findings could inappropriately constrain a trial judge's discretion to enhance damages.

II. THE *HALO* DECISION & ITS IMPACT ON ENHANCEMENT DECISIONS

Halo held that “Section 284 permits district courts to exercise their discretion in a manner free from the inelastic constraints of the *Seagate* test.”¹¹ Under the Supreme Court's new standard, all that is required for enhanced damages is “culpable behavior.”¹² *Halo* explained that “[t]he sort of conduct

dealing with a cause of action that either was tried at law at the time of the founding or is at least analogous to one that was If the action in question belongs in the law category, we then ask whether the particular trial decision must fall to the jury in order to preserve the substance of the common-law right as it existed in 1791” (internal citations omitted); *Granfinanciera, S.A. v. Nordberg*, 492 U.S. 33, 42 (1989) (explaining that in determining whether the Seventh Amendment preserves the right to a jury trial the court must decide whether the action sought is one of equity or law by comparing the current action to those actions brought in 18th-century England, prior to the merger of the courts of law and equity, and determine whether the remedy sought is equitable or legal in nature, and “[i]f, on balance, these two factors indicate that a party is entitled to a jury trial under the Seventh Amendment, [the court] must decide whether Congress may assign and has assigned resolution of the relevant claim to a non-Article III adjudicative body that does not use a jury as factfinder”); *Curtis v. Loether*, 415 U.S. 189, 194 (1974) (“The Seventh Amendment does apply to actions enforcing statutory rights, and requires a jury trial upon demand, if the statute creates legal rights and remedies, enforceable in an action for damages in the ordinary courts of law.”).

¹¹ *Halo Elecs., Inc. v. Pulse Elecs., Inc.*, 136 S. Ct. 1923, 1933–34 (2016).

¹² *Id.* at 1933 (“Section 284 allows district courts to punish the full range of culpable behavior.”).

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.”¹³ Enhanced damages are not for “a typical infringement case, but are instead designed as a ‘punitive’ or ‘vindictive’ sanction for egregious infringement behavior.”¹⁴ When deciding whether and how much to enhance:

[D]istrict courts are ‘to be guided by [the] sound legal principles’ developed over nearly two centuries of application and interpretation of the Patent Act. . . . Those principles channel the exercise of discretion, limiting the award of enhanced damages to egregious cases of misconduct beyond typical infringement.¹⁵

Other than egregious and culpable behavior, as demonstrated in prior cases, *Halo* does not provide much guidance as to what to consider in enhancing.

Several Federal Circuit remanded decisions provide some guidance. In *WBIP, LLC v. Kohler Co.*,¹⁶ the lower court enhanced damages by 50% after the jury found willfulness under the *Seagate* standard.¹⁷ On review after *Halo*, the Federal Circuit affirmed *WBIP*, in part because the record showed the infringer knew of the patents.¹⁸ Similarly, on *Halo*'s remand from the Supreme Court, the Federal Circuit remanded further and instructed that “the district court should consider, as one factor in its analysis, what Pulse knew or had reason to know at the time of the infringement of the Halo patents.”¹⁹

But the Federal Circuit has already been arguably inconsistent on whether objective reasonableness remains a factor. In *WBIP*, the lower court had also found

¹³ *Id.* at 1932.

¹⁴ *Id.*

¹⁵ *Id.* at 1935 (quoting *Martin v. Franklin Capital Corp.*, 546 U.S. 132, 139 (2005)) (second alteration in original).

¹⁶ 829 F.3d 1317 (Fed. Cir. 2016).

¹⁷ *See id.* at 1325 (noting that the district court enhanced damages by 50% upon *WBIP*'s motion after the jury found clear and convincing evidence of willful infringement).

¹⁸ *Id.* at 1342 (“The jury had record evidence upon which it could have inferred that Kohler had knowledge of the patents at issue, and thus its finding [of willful infringement] is supported by substantial evidence.”).

¹⁹ *Halo Elecs., Inc. v. Pulse Elecs. Inc.*, 831 F.3d 1369, 1381 (Fed. Cir. 2016).

the infringer's defenses unreasonable, and the infringer (Kohler) did not dispute on appeal that those defenses were "created during litigation, years after it began engaging in culpable conduct."²⁰ The *WBIP* court rejected a challenge to this finding, reasoning that "Kohler's arguments on appeal that the district court erred in concluding that its obviousness defense was objectively unreasonable is not a basis for concluding that the district court abused its discretion in enhancing damages."²¹

By contrast, in remanding *WesternGeco LLC v. ION Geophysical Corp.*, the Federal Circuit observed that "[a]fter *Halo*, the objective reasonableness of the accused infringer's positions can still be relevant for the district court to consider when exercising its discretion" as to enhancement.²² It is unclear why that factor can be relevant in deciding whether to enhance, but cannot be a basis for challenging an enhancement award on appeal, as stated in *WBIP*.²³ Perhaps the statement in *WBIP* was mere dicta, for the clearer remand instruction provided in *WesternGeco* was for the district court to "consider whether ION's infringement constituted an 'egregious case[] of misconduct beyond typical infringement' meriting enhanced damages under § 284 and, if so, the appropriate extent of the enhancement."²⁴ More likely, however, objective reasonableness of defenses remains a factor to consider, and what the *WBIP* court really meant was that Kohler's arguments simply did not show clear error in the district court's findings.

District courts have also recognized "egregious" conduct as the touchstone for considering enhancement, even as they have found the so-called

²⁰ See *WBIP*, 829 F.3d at 1340.

²¹ *Id.* at 1341.

²² 837 F.3d 1358, 1363 (Fed. Cir. 2016); see also *id.* at 1364 ("The second issue that the district court must consider on remand, if the jury's finding of willful infringement is sustained, is whether enhanced damages should be awarded.") (emphasis added).

²³ *WBIP*, 829 F.3d at 1341.

²⁴ *WesternGeco*, 837 F.3d at 1364 (alteration in original).

Read factors²⁵ to be a helpful guideline.²⁶ Two key factors in enhancement have been both copying and the infringer's investigation into the patent rights — as discussed in two recent district court cases that enhanced damages after focusing on evidence of a competitor's copying and failure to develop opinions of counsel.²⁷ By contrast, there are several district court decisions declining to enhance where

²⁵ *Read Corp. v. Portec, Inc.*, 970 F.2d 816, 827 (Fed. Cir. 1992) (“(1) whether the infringer deliberately copied the ideas or design of another; (2) whether the infringer, when he knew of the other’s patent protection, investigated the scope of the patent and formed a good-faith belief that it was invalid or that it was not infringed; . . . (3) the infringer’s behavior as a party to the litigation. . . . (4) Defendant’s size and financial condition. . . . (5) Closeness of the case. . . . (6) Duration of defendant’s misconduct. . . . (7) Remedial action by the defendant. . . . [For example,] ‘voluntarily ceas[ing] manufacture and sale of infringing systems during the pendency of [] litigation’ (8) Defendant’s motivation for harm. . . . (9) Whether defendant attempted to conceal its misconduct.”) (internal citations omitted). *See generally infra* Section IV.D. (listing factors).

²⁶ *See Sociedad Espanola de Electromedicina y Calidad, S.A. v. Blue Ridge X-Ray Co.*, 226 F. Supp. 3d 520, 532 (W.D.N.C. 2016) (“[W]hile consideration of the *Read* factors may be helpful, they are not dispositive of the issue at hand. . . . Rather, the touchstone for awarding enhanced damages after *Halo* is egregiousness.”) (internal citations omitted); *accord* *Finjan, Inc. v. Blue Coat Sys. Inc.*, No. 13-CV-03999-BLF, 2016 WL 3880774, at *16 (N.D. Cal. July 18, 2016) (applying the *Read* factors and finding that they “do not support a finding of egregiousness [sic] misconduct”); *Imperium IP Holdings (Cayman), Ltd. v. Samsung Elecs. Co., Ltd.*, 203 F. Supp. 3d 755, 763 (E.D. Tex. 2016) (applying the *Read* factors and finding enhanced damages are appropriate, but noting that “[w]hile the *Read* factors remain helpful to the Court’s execution of its discretion, an analysis focused on ‘egregious infringement behavior’ is the touchstone for determining an award of enhanced damages rather than a more rigid, mechanical assessment”).

²⁷ *See Arctic Cat, Inc. v. Bombardier Recreational Prods., Inc.*, 198 F. Supp. 3d 1343, 1354 (S.D. Fla. 2016) (finding that *Read* factors 1, 2, 4, 5, 6, 7, and 9 favored enhanced damages); *Dominion Res., Inc. v. Alstom Grid, Inc.*, No. 15-224, 2016 WL 5674713, at *20 (E.D. Pa. Oct. 3, 2016) (finding egregious conduct because the infringer had direct notice from the patent holder and from the patent holder’s outside counsel).

there was insufficient evidence of copying²⁸ or where there was a reasonable investigation.²⁹

III. THE FELTNER DECISION

In *Feltner v. Columbia Pictures Television, Inc.*, the Supreme Court held that there is a right to a trial by jury when imposing statutory damages, and that this right applies when the amount and enhancement of any such damages are being assessed.³⁰ In *Feltner*, the defendant was sued under the Copyright Act of 1976.³¹ Under the statute, statutory damages may be awarded “in a sum of not less than \$500 or more than \$20,000 as the court considers just,” and “the court in its discretion may increase the award of statutory damages” on finding willful infringement or, conversely, decrease the award if the infringement was innocent.³² The trial court rejected Feltner’s request for a jury trial on the amount of statutory damages, and ultimately awarded over \$8 million in damages after finding willful infringement.³³ The Ninth Circuit affirmed, finding that the statute plainly required the trial court to assess statutory damages given the reference to the amount “the court considers just,” and further held that there was no Seventh Amendment right to a jury trial for statutory damages “because an award of such damages is equitable in nature.”³⁴

²⁸ See, e.g., *Finjan*, 2016 WL 3880774, at *16–17 (finding that there was no misconduct when the patent holder had not met its burden to show deliberate copying and ultimately not enhancing damages because the *Read* factors overall did not show egregious misconduct); *Power Integrations, Inc. v. Fairchild Semiconductor Int’l, Inc.*, No. 09-cv-05235-MMC, 2017 WL 130236, at *4 (N.D. Cal. Jan. 13, 2017) (finding that the patent holder had not shown direct copying, and that overall the *Read* factors weighed against enhancing damages).

²⁹ See, e.g., *Trs. of Boston Univ. v. Everlight Elecs. Co., Ltd.*, 212 F. Supp. 3d 254, 258 (D. Mass. 2016) (declining to enhance where there was insufficient evidence of copying and reasonable investigation).

³⁰ 523 U.S. 340, 353 (1998).

³¹ *Id.* at 343.

³² 17 U.S.C. § 504(c) (1994).

³³ *Feltner*, 523 U.S. at 344.

³⁴ *Id.* at 344–45.

On certiorari, the Supreme Court considered Feltner's demand for a jury trial.³⁵ First, the Court could "discern no statutory right to a jury trial when a copyright owner elects to recover statutory damages."³⁶ The statute instead plainly placed that issue in the hands of the trial judge.³⁷ But that did not end the matter because the Court still had to consider whether there was a constitutional right to have a jury determine the damages, and enhancement, issues.³⁸ Prior decisions had established that the Seventh Amendment right to jury trials applied both to common-law actions, and "to 'actions brought to enforce statutory rights that are analogous to common-law causes of action ordinarily decided in English law courts in the late 18th century, as opposed to those customarily heard by courts of equity or admiralty.'"³⁹

To decide whether the right to jury trial exists required determining: (1) whether the cause of action was analogous to causes of action decided by English courts at the time of the amendment; and (2) whether the remedy sought was legal or equitable.⁴⁰ Copyright infringement existed as a statutory cause of action tried by juries in 18th-century England, and monetary relief was considered legal, not equitable relief.⁴¹ Historically, before ratification of the Constitution, the states adopted their own copyright statutes, which also led to damages awards by juries.⁴²

There [was] no evidence that the Copyright Act of 1790 changed the practice of trying copyright actions for damages in courts of law before juries. . . . Moreover, actions to recover damages under the Copyright Act of 1831 — which differed from the Copyright

³⁵ *Id.* at 342 ("[W]e consider whether § 504(c) or the Seventh Amendment grants a right to a jury trial when a copyright owner elects to recover statutory damages.").

³⁶ *Id.* at 347.

³⁷ *See id.* at 345–46.

³⁸ *Id.* at 347.

³⁹ *Id.* at 348 (quoting *Granfinanciera, S.A. v. Nordberg*, 492 U.S. 33, 42 (1989)).

⁴⁰ *See id.*

⁴¹ *Id.* at 348–49 ("[C]opyright suits for money damages were tried in courts of law [in England], and thus before juries.").

⁴² *See id.* at 350–51 ("The practice of trying copyright damages actions at law before juries was followed in this country, where statutory copyright protections were enacted even before adoption of the Constitution.").

Act of 1790 only in the amount (increased to \$1 from 50 cents) authorized to be recovered for certain infringing sheets — were consistently tried to juries.⁴³

The respondent did not contest this historical evidence, but instead sought to convince the Supreme Court that statutory damages were equitable in nature.⁴⁴ The Court in *Feltner* rejected that claim too.⁴⁵ It reasoned that a long line of precedent established “the ‘general rule’ that monetary relief is legal,” and that “statutory damages may serve purposes traditionally associated with legal relief, such as compensation and punishment.”⁴⁶ The Court also found strong historical evidence that juries determined the amount of damages.⁴⁷

The end result of *Feltner* was “that the Seventh Amendment provides a right to a jury trial on all issues pertinent to an award of statutory damages under § 504(c) of the Copyright Act, including the amount itself.”⁴⁸ Thus, “if a party so demands, a jury must determine the actual amount of statutory damages under § 504(c) in order ‘to preserve “the substance of the common-law right of trial by jury.””⁴⁹

IV. *FELTNER’S IMPACT ON ENHANCED DAMAGES FOR WILLFUL PATENT INFRINGEMENT*

Under *Feltner*, there appears to be a reasonable argument that if a party so demands, there is a right to have a jury determine not just willfulness, but whether and to what amount enhancement is necessary as a result of such conduct. The historical evidence points to that result, although perhaps not as conclusively as the evidence concerning copyright actions.

⁴³ *Feltner*, 523 U.S. at 351–52.

⁴⁴ *Id.* (noting that Columbia Pictures did not attempt to make an analogy between current copyright infringement actions and any historic actions but “merely contend[ed] that statutory damages are clearly equitable in nature”).

⁴⁵ *Id.*

⁴⁶ *Id.* (citations omitted).

⁴⁷ *Id.* at 354 (observing that “juries assessed the amount of damages under the Copyright Act of 1831, even though that statute, like the Copyright Act of 1790, fixed damages at a set amount per infringing sheet”).

⁴⁸ *Id.* at 355.

⁴⁹ *Id.* (citation omitted).

A. *The Historical Evidence as to Damages*

As *Feltner* found in the case of copyrights, there were also state statutes authorizing patent rights before the Constitution was ratified. For example, South Carolina passed an act in 1784 dealing with copyrights.⁵⁰ It included a section noting that “inventors of useful machines” should have “exclusive privilege[s] . . . under the same privileges and restrictions hereby granted to and imposed on the authors of books.”⁵¹ Various other states likewise would grant patents, usually through application to the legislature.⁵² P.J. Federico, a noted early commentator and unofficial historian of the Patent Office, describes a handful of patents that were issued, but whether there were actual court cases trying infringement of such patents to juries is unknown.⁵³ Such an outcome is unlikely given the low numbers of such patents and the focus at the time on injunctive relief.⁵⁴

The first Patent Act was passed in 1790,⁵⁵ notably before ratification of the Seventh Amendment in 1791.⁵⁶ It allowed for “damages as should be assessed by a jury, and, moreover, to forfeit to the person aggrieved the infringing machine.”⁵⁷ Thus, at the time of the ratification of the Seventh Amendment, damages were discretionary to the jury. Shortly thereafter, the Patent Act of 1793 was passed. P.J.

⁵⁰ See P.J. Federico, *State Patents*, 13 J. PAT. OFF. SOC'Y 166, 166 (1931).

⁵¹ *Id.*

⁵² See *id.* at 167–69 (noting that at least Pennsylvania, New York, Connecticut, New Hampshire, New Jersey, and Maryland granted patents prior to the federal patent system).

⁵³ See *id.* at 167–69 (providing several examples of state-granted patent rights and advocating that “the activities of inventors . . . in keeping the question of patents constantly before the state legislatures and the public, were instrumental in the establishment of the constitutional provisions for patents and in the passage of the first patent act”).

⁵⁴ See *id.* at 173–74 (providing examples of early patent litigation where the only relief sought was an injunction).

⁵⁵ Act to Promote the Progress of Useful Arts, ch. 7, 1 Stat. 109, 109–12 (1790) (repealed in 1836) [hereinafter Patent Act of 1790]; see also *Seymour v. McCormick*, 57 U.S. (16 How.) 480, 488 (1853).

⁵⁶ THE CONSTITUTION OF THE UNITED STATES OF AMERICA, ANALYSIS AND INTERPRETATION: CENTENNIAL EDITION, S. DOC. NO. 112-9, at 25 n.2 (2012) (describing how the first ten amendments, the bill of rights, were completely ratified on December 15, 1791 and appeared officially in 1 Stat. 97).

⁵⁷ *Seymour*, 57 U.S. (16 How.) at 488.

Federico reported that there were suits pending under the 1790 Patent Act, evidenced by an act passed in June 1794 providing that suits under the 1790 Act that had been set aside could be continued or restored as if the 1790 Act had not been repealed.⁵⁸ No records appear to survive as to the nature of those suits, but the 1790 Act itself is clear in putting damages issues squarely within the jury's discretion.⁵⁹

In any event, in *Markman v. Westview Instruments, Inc.* the Supreme Court held that "there is no dispute that infringement cases today must be tried to a jury, as their predecessors were more than two centuries ago."⁶⁰ Moreover, the historical evidence that juries determine patent-infringement damages is compelling, as it is embodied in the very first Patent Act.⁶¹ These points — the fact that patent-infringement claims are recognized as a type of tort, and that monetary relief is a "legal" claim — both confirm that a claim for damages for patent infringement belongs in the category of *at-law* cases to which the Supreme Court holds the Seventh Amendment applies.

B. *The Historical Evidence as to Exemplary Damages*

Feltner did not appear to ask a more specific history question — e.g., whether juries found willfulness, or even whether juries were involved in setting statutory damages. That may be because the authorities *Feltner* reviewed suggested juries *did* set statutory damages.⁶² Other Supreme Court authority counsels that the Court would ask a more nuanced question; namely, whether

⁵⁸ P.J. Federico, *Operation of the Patent Act of 1790*, 18 J. PAT. OFF. SOC'Y 237, 247 (1936).

⁵⁹ Patent Act of 1790, § 4, 1 Stat. at 111 ("[I]f any person or persons shall devise, make, construct, use, employ, or vend . . . any art, manufacture, engine, machine or device, or any invention or improvement upon, . . . the sole and exclusive right of which shall be so as aforesaid granted by patent to any person or persons, . . . every person so offending, shall forfeit and pay to the said patentee or patentees . . . such damages as shall be assessed by a jury . . .").

⁶⁰ *Markman v. Westview Instruments, Inc.*, 517 U.S. 370, 377 (1996).

⁶¹ See *Operation of the Patent Act of 1790*, *supra* note 58, at 237; see also *supra* note 59 and accompanying text.

⁶² See *Feltner v. Columbia Pictures Television, Inc.*, 523 U.S. 340, 349–51 (1998) (recognizing that at common-law the English courts had juries grant damages for copyright infringement, which carried over in the copyright statutes for twelve of the thirteen states in 1783 and in the Federal Copyright Act of 1790).

there was historical evidence that a jury must assess the amount of enhanced patent-infringement damages to inflict on the infringer, and not simply damages generally.

Specifically, after *Feltner*, the Supreme Court also addressed whether an action under 42 U.S.C. § 1983 required a jury trial in *City of Monterey v. Del Monte Dunes at Monterey, Ltd.*⁶³ The Court initially concluded that the action was in the nature of a tort that required a jury trial, and then sharpened the inquiry, assessing “whether the particular issues of liability were proper for determination by the jury” so as “to preserve the right to a jury’s resolution of the ultimate dispute,” as guaranteed by the Seventh Amendment.⁶⁴ The process is again, to “look to history to determine whether the particular issues, or analogous ones, were decided by judge or by jury in suits at common law at the time the Seventh Amendment was adopted.”⁶⁵

While the historical evidence that juries determined damages for patent infringement is compelling, details such as jury power to award exemplary damages for patent infringement before 1791 are absent. Similarly, there was no analogous requirement of finding “willful” infringement present in the law until enhancements became discretionary in 1836 or thereafter.⁶⁶ But while there is no historical precedent for jury resolution of the *particular* issue of enhancing patent damages, there are some analogous practices.

No English common-law cases appear to exist that report on jury determinations of patent infringement and related damages.⁶⁷ But there were

⁶³ 526 U.S. 687, 709, 718 (1999).

⁶⁴ *Id.* (citing *Markman*, 517 U.S. at 377).

⁶⁵ *Id.*

⁶⁶ See *Seymour v. McCormick*, 57 U.S. (16 How.) 480, 488–89 (1853) (discussing how the Patent Act of 1800 “compelled the infringer ‘to forfeit and pay . . . a sum equal to three times the actual damages’” irrespective of any wanton or malicious behavior and that “the Patent Act of 1836 confines the jury to the assessment of ‘actual damages.’ 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”).

⁶⁷ See *Markman v. Westview Instruments, Inc.*, 517 U.S. 370, 380–81 (1996) (“Although by 1791 more than a century had passed since the enactment of the Statute of Monopolies, which provided that the validity of any monopoly should be determined in accordance with the common law, patent litigation had remained within the jurisdiction of the Privy Council until 1752 and hence

English common-law cases on exemplary damages, perhaps the closest analogous issue.⁶⁸ The history of such common law was reviewed in a 1964 House of Lords case, *Rookes v. Barnard*, in which Lord Reid summarizes exemplary damages cases from the 1700s, although none were patent-related.⁶⁹ Patent cases have been analogized to trespass cases, and one such case appeared at common law. In 1763 in *Wilkes v. Wood* (a case cited in *Feltner*), the plaintiff sued for illegal trespass and search of his home and received a jury award of 1,000 pounds following a charge to the jury that “[d]amages are designed not only as a satisfaction to the injured person, but likewise as a punishment to the guilty, to deter from any such proceeding for the future, and as a proof of the detestation of the jury to the action itself.”⁷⁰

The English common law’s understanding that damages may be assessed to punish and deter was carried over into U.S. common law. For example, in 1851, the Supreme Court explained:

It is a well-established principle of the common law, that in actions of trespass and all actions on the case for torts, a jury may inflict what are called exemplary, punitive, or vindictive damages upon a defendant, having in view the enormity of his offense rather than the measure of compensation to the plaintiff.⁷¹

The fundamental restriction was that “the injury [was] wanton and malicious or gross and outrageous,” in which case the amount of punitive damage was “always

without the option of a jury trial.”); John B. Pegram, *The Willful Patent Infringement Dilemma and the 7th Amendment*, 86 J. PAT. & TRADEMARK OFF. SOC’Y 271, 280 (2004) (“No [pre-1791] case was found in which a British jury addressed the issue of increased awards or punitive damages in a patent infringement case.”).

⁶⁸ See *Feltner v. Columbia Pictures Television, Inc.*, 523 U.S. 340, 353 (1998) (citing *Wilkes v. Wood*, Lofft 1, 19, 98 Eng. Rep. 489, 499 (C.P. 1763)) (exemplifying a jury award of £1,000 in an action of trespass).

⁶⁹ See *Rookes v. Barnard* [1964] UKHL 1, 35.

⁷⁰ *Id.* (quoting *Wilkes v. Wood*, Lofft 1, 19, 98 Eng. Rep. 489, 499 (C.P. 1763)); see *Feltner*, 523 U.S. at 353 (citing *Wilkes v. Wood*, Lofft 1, 3, 98 Eng. Rep. 489, 499 (C.P. 1763)).

⁷¹ *Day v. Woodworth*, 54 U.S. (13 How.) 363, 371 (1851); accord *Barry v. Edmunds*, 116 U.S. 550, 565 (1886) (“[I]t is the peculiar function of the jury to determine the amount [of punitive damages] by their verdict.”).

left to the discretion of the jury, as the degree of the punishment to be thus inflicted must depend on the peculiar circumstances of each case."⁷²

Notably, the 1790 Act does not limit or specify the type of damages the jury should assess.⁷³ The Supreme Court itself has recognized that "[u]ntil well into the 19th century, punitive damages frequently operated to compensate for intangible injuries," a practice that fell into disfavor as "types of compensatory damages available to plaintiffs have broadened."⁷⁴ Further, patent infringement is a tort,⁷⁵ and one that is analogous to an action for trespass, such as the *Wilkes* common law case that allowed the jury to assess punitive damages.⁷⁶ The general instruction in the 1790 Act that a jury simply assess damages would have conceivably allowed, under common-law practice, punitive damages for wanton patent infringement.

The Patent Act of 1800 may further support this point. It was amended to read that the infringer should "forfeit and pay to the patentee a sum equal to three times the actual damage sustained by such patentee."⁷⁷ On the one hand, this *liberalized* damages by automatically trebling them; on the other hand, it restricted the jury to awarding only *actual* damages.⁷⁸ Lawsuits were filed under the 1800 Act, and "[t]he practice under this act [was] for the jury to find the actual or single damages, which are afterwards trebled by the order or judgment of the court."⁷⁹ Justice Story (in his capacity as Circuit Court Justice of Massachusetts) commented

⁷² *Barry*, 116 U.S. at 562–63.

⁷³ See Patent Act of 1790, § 4, 1 Stat. 109, 111; see also *supra* note 59 and accompanying text.

⁷⁴ *Cooper Indus., Inc. v. Leatherman Tool Grp.*, 532 U.S. 424, 437–38 n.11 (2001).

⁷⁵ See generally *Aro Mfg. Co. v. Convertible Top Replacement Co.*, 377 U.S. 476, 500–02, (1964) (characterizing patent infringement as a tort and treating a contributory infringer as a joint-tortfeasor to find it liable for infringement).

⁷⁶ See *Rookes v. Barnard* [1964] UKHL 1, 35. (citing *Wilkes v. Wood*, Lofft 1, 3, 98 Eng. Rep. 489, 499 (C.P. 1763)).

⁷⁷ See *Seymour v. McCormick*, 57 U.S. (16 How.) 480, 488 (1853).

⁷⁸ Cf. *id.* ("Experience had shown the very great injustice of a horizontal rule equally affecting all cases, without regard to their peculiar merits. The defendant who acted in ignorance or good faith . . . was made liable to the same penalty with the wanton and malicious pirate.").

⁷⁹ *Whitney v. Emmett*, 29 F. Cas. 1074, 1084 (E.D. Pa. 1831).

on the damages levied by the trial court in *Earle v. Sawyer*,⁸⁰ noting that the jury there “were expressly told by the court, that they were to give the plaintiff his actual damages only,” even though:

There were circumstances in the case calculated to inflame the damages, if the jury should have felt at liberty to go beyond mere compensation for loss; for there was a meditated infringement of the plaintiff’s patent; and the principal point of defense appeared to be a mere after thought to excuse the deed.⁸¹

Thus, the jury was not allowed to go beyond *actual* damages to consider the overall circumstances, although the same case emphasized the wide discretion otherwise given juries to find the *actual* damages.

Trebling under the 1800 Act flowed automatically from whatever damages the jury set.⁸² *Seymour v. McCormick*, however, explained that such automatic trebling was found “manifestly unjust” because “[t]he 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.”⁸³ Thus, Congress passed “the Patent Act of 1836[,] [which] confines the jury to the assessment of ‘actual damages,’” while “[t]he power to inflict vindictive or punitive damages [was] committed to the discretion and judgment of the court,” up to treble actual damages.⁸⁴ Likewise, in *Birdsall v. Coolidge*, the Supreme Court explained that under the 1870 Patent Act, juries were “required to find the actual damages,” with the Court having discretion to enhance up to “three times the amount of the same, . . . but the jury are strictly limited in their finding to the actual damages which the plaintiff has sustained by the infringement.”⁸⁵

Neither of these cases examined whether there was a constitutional right to have a jury assess the amount of enhancement. Yet, the overall history suggests that the jurists of the time understood the *actual* damages of the 1800, 1836, and 1870 Acts to be a narrower category than the *damages* of the 1790 Act. By common-law practice, an award of damages could include exemplary damages where the

⁸⁰ 8 F. Cas. 254 (C.C.D. Mass. 1825).

⁸¹ *Id.* at 258.

⁸² See *supra* note 77 and accompanying text.

⁸³ *Seymour v. McCormick*, 57 U.S. (16 How.) 480, 488 (1853).

⁸⁴ *Id.* at 489

⁸⁵ 93 U.S. 64, 64 (1876).

infringement was wanton and willful.⁸⁶ Unlike *Feltner*, there do not appear to be any actually reported cases of juries determining and awarding exemplary damages under the 1790 Act. But the general structure of the 1790 Act, the common law, and “analogous” situations — including the copyright case *Feltner* — suggest there is a right to a jury trial in patent infringement cases awarding enhanced damages.

C. Precedential Considerations

“Where history does not provide a clear answer,” the Supreme Court then “look[s] to precedent and functional considerations.”⁸⁷ Precedent suggests the historically analogous cases applicable to damages in patent-infringement suits would suffice to support a right to a jury trial on the enhancement issues. *Curtis v. Loether*, for example, held the Seventh Amendment required a jury, rather than a trial court, to award actual and punitive damages to a plaintiff asserting a claim under the Civil Rights Act, even though such claims were unknown at the time of the Seventh Amendment.⁸⁸ Important to the analysis was that “[a] damages action under the statute sounds basically in tort,” and the “actual and punitive damages” sought were “the traditional form of relief offered in the courts of law.”⁸⁹

Halo, in reviewing prior cases on-point, described the interpretation of § 284 as providing for “punitive or ‘increased’ damages.”⁹⁰ The Supreme Court has emphasized the jury role in determining whether punitive damages should be awarded. In *Pacific Mutual Life Insurance Co. v. Haslip*, the Supreme Court upheld a large punitive damage verdict against an insurance company for acting in bad

⁸⁶ See, e.g., *Barry v. Edmunds*, 116 U.S. 550, 562–63 (1886) (quoting *Day v. Woodworth*, 54 U.S. (13 How.) 362, 371 (1851)) (“It is a well established principle of the common law, . . . that, in actions of trespass and all actions on the case for torts, a jury may inflict what are called exemplary, punitive, or vindictive damages upon a defendant . . .”).

⁸⁷ *City of Monterey v. Del Monte Dunes at Monterey, Ltd.*, 526 U.S. 687, 718 (1999) (citing *Markman v. Westview Instruments, Inc.*, 517 U.S. 370, 384 (1996)).

⁸⁸ 415 U.S. 189, 191–92 (1974).

⁸⁹ *Id.* at 195–96.

⁹⁰ *Halo Elecs., Inc. v. Pulse Elecs., Inc.*, 136 S. Ct. 1923, 1930 (2016) (citing *Aro Mfg. Co. v. Convertible Top Replacement Co.*, 377 U.S. 476, 508 (1964)) (“This Court accordingly described § 284 — consistent with the history of enhanced damages under the Patent Act — as providing that ‘punitive or “increased” damages’ could be recovered ‘in a case of willful or bad-faith infringement.’”).

faith.⁹¹ It noted that “[u]nder the traditional common-law approach, the amount of the punitive award is initially determined by a jury instructed to consider the gravity of the wrong and the need to deter similar wrongful conduct.”⁹² Emphasizing the historical underpinnings of this right, the Court further held that decisions regarding the amount of punitive damages “ha[ve] been always left to the discretion of the jury” and that the Court “more than once has approved the common-law method for assessing punitive awards.”⁹³

The precedent closest to current practice where the jury determines liability for willful infringement and the judge then determines the level of enhancement is *Tull v. United States*.⁹⁴ *Tull* addressed the right to jury trial in assessing civil penalties for violations of the Clean Water Act.⁹⁵ It held “that the Seventh Amendment required that petitioner’s demand for a jury trial be granted to determine his liability, but that the trial court and not the jury should determine the amount of penalty, if any.”⁹⁶ As to the latter issue, “[t]he Seventh Amendment is silent on the question whether a jury must determine the remedy in a trial in which it must determine liability,” and the answer to that question turned “on whether the jury must shoulder this responsibility as necessary to preserve the ‘substance of the common-law right of trial by jury.’”⁹⁷ To assess that issue, “characterizing the relief sought is ‘[m]ore important’ than finding a precisely analogous common-law cause of action in determining whether the Seventh Amendment guarantees a jury trial.”⁹⁸

Tull reasoned that because Congress had the authority to determine the amount of fines for statutory violations, Congress also had the authority to delegate that power.⁹⁹ Assessing “a civil penalty is not one of the ‘most

⁹¹ 499 U.S. 1, 19 (1991).

⁹² *Id.* at 15.

⁹³ *Id.* at 15–16 (quoting *Day v. Woodworth*, 54 U.S. (13 How.) 363, 371 (1851)).

⁹⁴ 481 U.S. 412, 426–27 (1987).

⁹⁵ *Id.* at 420–21.

⁹⁶ *Id.* at 427.

⁹⁷ *Id.* at 425–26 (quoting *Colgrove v. Battin*, 413 U.S. 149, 157 (1973)).

⁹⁸ *Id.* at 421 (alteration in original) (citing *Curtis v. Loether*, 425 U.S. 189, 196 (1974)).

⁹⁹ *Id.* at 426–27 (“Since Congress itself may fix the civil penalties, it may delegate that determination to trial judges.”).

fundamental elements” to preserving jury-trial rights because “the action to recover civil penalties usually seeks the amount fixed by Congress.”¹⁰⁰ Legislative history showed that “Congress intended that trial judges perform the highly discretionary calculations necessary to award civil penalties after liability is found.”¹⁰¹ Moreover, the “multiple factors . . . necessary in order to set civil penalties” involved the “kinds of calculations traditionally performed by judges.”¹⁰²

On its face, some of the same considerations apply to the current Patent Act. As *Halo* instructs, Congress has put the authority to enhance damages squarely in the trial court’s hands and not jury’s.¹⁰³ Critically, however, *Feltner* expressly distinguished *Tull* on many grounds squarely applicable to enhancing patent damages.¹⁰⁴ *Feltner* noted that there was “no evidence [in *Tull*] that juries historically had determined the amount of civil penalties to be paid to the Government,” an action “analogous to sentencing in a criminal proceeding.”¹⁰⁵ Instead, the “clear and direct historical evidence that juries, both as a general matter and in copyright cases, set the amount of damages awarded to a successful plaintiff,” rendered *Tull* inapposite.¹⁰⁶ These same points of distinction apply to the enhanced-patent-damages question.

D. *Functional Considerations*

The “functional considerations” the Supreme Court looks to where the historical evidence is inconclusive include whether the question presented to the jury is “fact-bound,” as was the takings question in *City of Monterey v. Del Monte*

¹⁰⁰ *Id.* at 426.

¹⁰¹ *Id.* at 425.

¹⁰² *Id.* at 427.

¹⁰³ See *Halo Elecs., Inc. v. Pulse Elecs., Inc.*, 136 S. Ct. 1923, 1935 (2016) (“Section 284 gives district courts the discretion to award enhanced damages against those guilty of patent infringement.”).

¹⁰⁴ See *Feltner v. Columbia Pictures Television, Inc.*, 523 U.S. 340, 355 (1998) (distinguishing *Tull*, where there was no evidence that juries had historically decided the amount of civil penalties paid to the government, finding that “clear and direct historical evidence that juries, both as a general matter and in copyright cases, set the amount of damages awarded to a successful plaintiff”).

¹⁰⁵ *Id.*

¹⁰⁶ *Id.*

*Dunes at Monterey, Ltd.*¹⁰⁷ Or, it can turn on whether “one judicial actor is better positioned than another to decide the issue in question,” as *Markman* considered before holding that judges were better positioned than juries to construe claim terms.¹⁰⁸

Post-*Halo*, district courts have been instructed to consider the “egregiousness” of the conduct and have continued to use the *Read* factors to assess whether and how much to enhance.¹⁰⁹ The factors include:

“(1) whether the infringer deliberately copied the ideas or design of another; (2) whether the infringer, when he knew of the other’s patent protection, investigated the scope of the patent and formed

¹⁰⁷ 526 U.S. 687, 718–21 (1999) (noting that when “history does not provide a clear answer, we look to precedent and functional considerations” and ultimately holding that the jury question regarding land use was proper because it was narrow and fact-bound).

¹⁰⁸ *Markman v. Westview Instruments, Inc.*, 517 U.S. 370, 388 (1996) (quoting *Miller v. Fenton*, 474 U.S. 104, 114 (1985)).

¹⁰⁹ *See, e.g.*, *Imperium IP Holdings (Cayman), Ltd. v. Samsung Elecs. Co., Ltd.*, 203 F. Supp. 3d 755, 763 (E.D. Tex. 2016) (applying the *Read* factors and finding enhanced damages are appropriate, but noting that “[w]hile the *Read* factors remain helpful to the Court’s execution of its discretion, an analysis focused on ‘egregious infringement behavior’ is the touchstone for determining an award of enhanced damages rather than a more rigid, mechanical assessment”); *Arctic Cat, Inc. v. Bombardier Recreational Prods., Inc.*, 198 F. Supp. 3d 1343, 1350, 1354 (S.D. Fla. 2016) (finding that *Read* factors 1, 2, 4, 5, 6, 7, and 9 showed egregious conduct and thus “strongly support[ed] enhancement of damages” while recognizing that *Halo* does not specifically enumerate any factors); *Trs. of Boston Univ. v. Everlight Elecs. Co., Ltd.*, 212 F. Supp. 3d 254, 257 (D. Mass. 2016) (noting that “[w]hile the *Read* factors remain helpful to this Court’s analysis, the touchstone for awarding enhanced damages after *Halo* is egregiousness”); *Dominion Res., Inc. v. Alstom Grid, Inc.*, No. 15N224, 2016 WL 5674713, at *20–21 (E.D. Pa. Oct. 3, 2016) (declining to grant enhanced damages because the court found there was no willfulness under the *Read* factors, but noting that “[w]hile *Halo* changed the test for determining the willful misconduct in enhanced damages, we continue to use the *Read* factors to aid our discretion”); *Finjan, Inc. v. Blue Coat Sys. Inc.*, No. 13-CV-03999-BLF, 2016 WL 3880774, at *16 (N.D. Cal. July 18, 2016) (applying the *Read* factors and finding that they “do not support a finding of egregiousness misconduct,” but noting that “district courts are not bound by any rigid formula or set of factors” after *Halo*).

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) "defendant's size and financial condition;" (5) "closeness of the case;" (6) "duration of defendant's misconduct;" (7) "remedial action by the defendant," [if any]; (8) "defendant's motivation for harm;" and, (9) "whether defendant attempted to conceal its misconduct."¹¹⁰

Egregiousness by definition seems a quintessential jury issue. It is certainly "fact-bound" and depends on multiple circumstances — e.g., what the defendant knew, when it learned the information, and what it did with the knowledge.¹¹¹ As to the *Read* factors generally, many are routinely considered by juries in assessing punitive damages for cases *not* involving patent infringement,¹¹² and, more importantly, some are formally part of the charges given to juries to assess willfulness.¹¹³ As to factor 3, a trial judge who supervised the pre-trial proceedings is best positioned to address that factor, yet it is unclear why factor 3 is of particular import in enhancing damages; it seems more appropriate to consider in connection with whether the case is exceptional. As to factor 5, the jury is not necessarily going to hear about claim-construction positions and will only see the case as shaped by pre-trial rulings, but it can evaluate whether that aspect of the case was "close" or not. More generally, however, unlike *Markman* where "the necessarily sophisticated analysis of the whole document" trumps assessing

¹¹⁰ *Liquid Dynamics Corp. v. Vaughan Co.*, 449 F.3d 1209, 1225 (Fed. Cir. 2006) (quoting *Read Corp. v. Portec, Inc.*, 970 F.2d 816, 826–27 (Fed. Cir. 1992)).

¹¹¹ *See Del Monte Dunes*, 526 U.S. 687 at 721; *see generally Read Corp. v. Portec, Inc.*, 970 F.2d 816, 826–27 (Fed. Cir. 1992).

¹¹² *See, e.g., Cooper Indus., Inc. v. Leatherman Tool Grp.*, 532 U.S. 424, 439 n.12 (2001) (noting that the jury that awarded punitive damages in an unfair competition context was charged with considering defendant's conduct, motive, "income and assets," and the sum of money "required to discourage" similar conduct).

¹¹³ *See, e.g., THE FED. CIRCUIT BAR ASS'N, MODEL PATENT JURY INSTRUCTIONS 37* (2016), [https://www.fedcirbar.org/Portals/0/File%20Manager/Resources/Publications/Model%20Patent%20Jury%20Instructions/FCBA%20Model%20Patent%20Jury%20Instructions%20\(UPDATED%20DRAFT%20July%202016\).pdf](https://www.fedcirbar.org/Portals/0/File%20Manager/Resources/Publications/Model%20Patent%20Jury%20Instructions/FCBA%20Model%20Patent%20Jury%20Instructions%20(UPDATED%20DRAFT%20July%202016).pdf) [<https://perma.cc/5EDH-7664>] (citing *Read* and instructing jurors to consider intentional copying, knowledge of the patent, attempts to design around and other factors when determining when an alleged infringer acted willfully).

credibility,¹¹⁴ the *Read* factors turn on credibility and functionality; juries do a better job at evaluating credibility.

V. THE COROLLARY QUESTION: WHY HAVE JURIES DECIDE WILLFULNESS AT ALL?

It remains possible that the Supreme Court could distinguish its own cases and conclude that there is no Seventh Amendment right to have a jury determine the amount of enhancement. If the Supreme Court were to reject a jury role in determining the amount of enhancement, why should it not go further and reject *any* jury role in assessing willfulness and, thus, enhanced damages?

Current law is unsettled on whether a willfulness finding is even a necessary pre-condition to enhancement. *Halo* itself did not address the point. Notably, the Copyright Act that *Feltner* addressed expressly mentions both “willful” and “innocent” infringement,¹¹⁵ whereas § 284 is silent as to willfulness, a point that concurring judges made in *Seagate* itself.¹¹⁶ Moreover, as *Halo* acknowledged, in *Aro Manufacturing Co. v. Convertible Top Replacement Co.* the Supreme Court observed that the patentee “could in a case of willful or bad-faith infringement recover punitive or ‘increased’ damages under the statute’s trebling provision,” at least implying some standard other than willfulness applies.¹¹⁷

Lower courts are already debating the issue. Two district courts have not read *Halo* as necessarily requiring a willfulness finding to enhance, and proceeded

¹¹⁴ *Markman v. Westview Instruments, Inc.*, 517 U.S. 370, 389 (1996).

¹¹⁵ See 17 U.S.C. § 504(c) (1994) (“In a case where the copyright owner sustains the burden of proving, and the court finds, that infringement was committed willfully, the court in its discretion may increase the award of statutory damages to a sum of not more than \$100,000. In a case where the infringer sustains the burden of proving, and the court finds, that such infringer was not aware and had no reason to believe that his or her acts constituted an infringement of copyright the court it [sic] its discretion may reduce the award of statutory damages to a sum of not less than \$200.”).

¹¹⁶ See 35 U.S.C. § 284 (2012); *In re Seagate Tech., LLC*, 497 F.3d 1360, 1381-82 (Fed. Cir. 2007) (en banc) (Gajarsa, J., concurring) (observing that, unlike the Patent Act, both the Copyright Act and the Fair Credit Reporting Act addressed in *Safeco Ins. Co. of Am. v. Burr* “use[] the word ‘willfully’ to describe the threshold state of mind necessary to justify an award of enhanced damages”) (internal citation omitted).

¹¹⁷ See *Aro Mfg. Co. v. Convertible Top Replacement Co.*, 377 U.S. 476, 508 (1964).

to consider whether to enhance even though there was no allegation of willful infringement and no sustained jury finding of willfulness.¹¹⁸ Another district court considered the jury's willfulness finding as merely advisory.¹¹⁹ Language in one case the Federal Circuit remanded, however, suggests that willfulness *must* be found before enhancement can apply, although prior dicta suggests otherwise.¹²⁰ If the law clarifies and holds that courts may enhance damages without the need for a willfulness finding, then there remains little functional reason for a jury to determine willfulness. Fundamentally, having two judicial actors consider overlapping evidence and the same factors to determine willfulness, and *then* separately determine enhancement does not make systemic sense. Both parties incur additional costs of presenting and then briefing such evidence.

Even more troubling, once a jury has determined willfulness, a trial court may not "second guess" findings by the jury in assessing enhanced damages. The rule flows from the Seventh Amendment, which, in addition to guaranteeing the right to jury trial, provides that "no fact tried by a jury, shall be otherwise re-examined in any Court of the United States," except as "according to the rules of

¹¹⁸ See, e.g., *Radware, Ltd. v. F5 Networks, Inc.*, No. 5:13-cv-02024-RMW, 2016 WL 4427490, at *5, *6–8 (N.D. Cal. Aug. 22, 2016) (finding no willfulness as a matter of law because patentee did not inform infringer of the patents pre-suit, but nonetheless assessing *Read* factors to consider enhancement); *Finjan, Inc. v. Blue Coat Sys. Inc.*, No. 13-CV-03999-BLF, 2016 WL 3880774, at *16 (N.D. Cal. July 18, 2016) (reasoning that "*Halo* does not hold that willfulness is necessary for enhanced damages," and considering *Read* factors to assess enhancement even though no willfulness was alleged).

¹¹⁹ See, e.g., *Enplas Display Device Corp. v. Seoul Semiconductor Co.*, No. 13-cv-05038 NC, 2016 WL 4208236, at *6 (N.D. Cal. Aug. 10, 2016) (noting that "the Court is free to accept or reject [the willfulness] finding" because it is "an advisory finding").

¹²⁰ See *WesternGeco LLC v. ION Geophysical Corp.*, 837 F.3d 1358, 1364 (Fed. Cir. 2016) ("The second issue that the district court must consider on remand, *if the jury's finding of willful infringement is sustained*, is whether enhanced damages should be awarded.") (emphasis added). *But see* *Jurgens v. CBK, Ltd.*, 80 F.3d 1566, 1570 (Fed. Cir. 1996) ("An act of willful infringement satisfies [the] culpability requirement and is, without doubt, sufficient . . . to increase a compensatory damages award. . . . Increased damages also may be awarded to a party because of the bad faith of the other side."); *Rite-Hite Corp. v. Kelley Co.*, 819 F.2d 1120, 1126 (Fed. Cir. 1987) ("Whether or not 'willfulness' is found, the court has authority to consider the degree of culpability of the tortfeasor.").

the common law.”¹²¹ For example, in *Jurgens v. CBK, Ltd.*, the jury was instructed that it should consider whether the defendant acted in bad faith before reaching a willfulness verdict.¹²² Although the trial court upheld the willfulness verdict, it refused to enhance, explaining that the defendant had immediately sought advice of counsel.¹²³ The Federal Circuit, however, reasoned that the jury necessarily rejected any good faith by the defendant, and explained that “[a]lthough a trial court many times has discretion to weigh the closeness of the case and the scope of the infringer’s investigation” in assessing enhancement, “it does not have discretion to reweigh this evidence once the matter has been decided by the jury” and sufficient evidence supports the jury’s finding.¹²⁴ Jury findings of willfulness thus act to constrain a trial court’s discretion in whether to enhance, despite *Halo’s* reaffirmance of the primacy of such discretion.

By contrast, functional considerations may favor the trial judge resolving enhanced damages. As noted, there are two *Read* factors (3 and 5) as to which only the trial judge will have the entire picture — in terms of the infringer’s behavior during pre-trial discovery and closeness of claim construction (or other pre-trial rulings).¹²⁵ Likewise, a trial judge is best positioned to decide whether to enhance based on any evidence that the patentee sought to rely on a weak patent or the threat of treble damages to exact exorbitant damages.¹²⁶ On the other hand, overall, a jury’s “imposition of punitive damages is an expression of its moral condemnation,”¹²⁷ and it is unclear how a trial judge is better able than a jury to assess such an issue.

¹²¹ U.S. CONST. amend. VII.

¹²² *Jurgens*, 80 F.3d at 1572.

¹²³ *See id.*

¹²⁴ *Id.*

¹²⁵ *See supra* Section IV.D; *see also, e.g.,* *Finjan, Inc. v. Blue Coat Sys. Inc.*, No. 13-CV-03999-BLF, 2016 WL 3880774, at *16-17 (N.D. Cal. July 18, 2016) (concluding that Blue Coat did not act in bad faith during trial and that the case was close despite a jury finding for Finjan).

¹²⁶ *Cf. eBay Inc. v. MercExchange, LLC*, 547 U.S. 388, 396 (2006) (Kennedy, J., concurring) (remarking that potentially serious sanctions arising from an injunction’s violation could become a bargaining tool to charge exorbitant licensing fees).

¹²⁷ *Cooper Indus., Inc. v. Leatherman Tool Grp.*, 532 U.S. 424, 432 (2001).

But broader functional considerations also point to a judge resolving enhanced damages in the patent context. First, unlike patent infringement, to show copyright infringement one must show “copying of constituent elements of the work that are original.”¹²⁸ A jury deciding liability for copyright infringement must necessarily delve into details of copying, which is not an element required to show patent infringement.¹²⁹ Second, a judge is more likely to be able to objectively balance social interests in copying some aspects of a competitor’s product while allowing an infringer to attempt a legitimate design around. Third, experience suggests that to actually implement *Halo’s* dictate of enhancing damages in only truly egregious cases, a judge, not a jury, should be the decision maker.¹³⁰ That conclusion is apparent from various empirical studies of willfulness. Judge Moore, before her appointment to the bench, conducted several empirical studies of patent cases and the impact of willfulness.¹³¹ The empirical evidence shows that pre-*Seagate*, willfulness was routinely alleged (over 90% of the time), and willfulness findings resulted in roughly 68% of jury trials and 53% of bench trials.¹³²

¹²⁸ *Feist Publ’ns, Inc. v. Rural Tel. Serv. Co.*, 499 U.S. 340, 361 (1991).

¹²⁹ *Compare id.* (noting that the test for copyright infringement requires establishing ownership of the copyright then determining whether the alleged infringer actually copied elements of the copyright protected work); *with Markman v. Westview Instruments, Inc.*, 517 U.S. 370, 384 (1996) (noting that the test for patent infringement requires construing the claims of the patent then determining whether the claims cover the allegedly infringing product).

¹³⁰ *Cf. Cooper*, 532 U.S. at 440 (stating that “courts evaluating a punitive damages award’s consistency with due process [must] consider three criteria: (1) the degree or reprehensibility of the defendant’s misconduct, (2) the disparity between the harm (or potential harm) suffered by the plaintiff and the punitive damages award, and (3) the difference between the punitive damages awarded by the jury and the civil penalties authorized or imposed in comparable cases,” all of which are legal questions that are not for the jury) (quoting *BMW of North America, Inc. v. Gore*, 517 U.S. 559, 574–75 (1996)).

¹³¹ See Kimberly A. Moore, *Empirical Statistics on Willful Patent Infringement*, 14 FED. CIR. B.J. 227 (2004) [hereinafter Moore, *Empirical Statistics*]; Kimberly A. Moore, *Judges, Juries, and Patent Cases—An Empirical Peek Inside the Black Box*, 99 MICH. L. REV. 365 (2000) [hereinafter Moore, *Black Box*].

¹³² Moore, *Empirical Statistics*, *supra* note 131, at 232, 237 (reporting that willfulness was alleged in the “originally filed complaint in 92.3% of the cases” analyzed and “was found in 67.7% of the jury trials and 52.6% of the bench trials”); *see also* Moore, *Black Box*, *supra* note 131, at 390 tbl.4 (reporting

By contrast, Professor Seaman's empirical studies post-*Seagate* show a greater likelihood that summary judgment would resolve willfulness averments pre-trial,¹³³ and also show a dramatic drop of sustained willfulness findings post-*Seagate* to 18.5%.¹³⁴ The statistics establish that judges, at least, plainly understood that the pathway to enhanced damages required a higher degree of culpability than available under the prior due care and negligence-like standards that *Seagate* rejected. *Halo's* emphasis on enhancing only in *egregious* cases is likely to maintain that understanding and practice by trial judges. But it seems unlikely that jurors would understand the distinction, however, as willfulness findings by jurors occurred at essentially the same rate — jurors found willfulness roughly 61%–62% of the time both pre- and post-*Seagate*.¹³⁵ As a practical matter, it seems unlikely that jurors would systemically reserve enhanced damages for only the most egregious cases, while judges would do so.

VI. CONCLUSION

Halo has caused increased scrutiny of willful infringement and enhanced damages. The key issue of who must decide enhanced damages will, ultimately, be raised and resolved. As a practical matter, the Federal Circuit has sought to restrain jury involvement in willful infringement. The Supreme Court authorities on the Seventh Amendment right to a jury trial have never been squarely addressed by the Federal Circuit, yet a dissatisfied patentee is likely to raise the issue and has at least some prospects of prevailing in demanding a jury consideration of whether and in what amount to enhance. Even if that result does not occur, courts are likely to, and should, consider whether to continue the practice of having juries find willfulness.

that willfulness was found in 64% of cases alleging willfulness between 1983–1999: 71% of the time in jury decisions and 53% of the time in judge decisions).

¹³³ Seaman, *supra* note 1, at 440–41 (reporting that only “16.8% of cases decided willfulness on pretrial motions” pre-*Seagate*, whereas 26.9% of willfulness determinations were made by pre-trial motion post-*Seagate*).

¹³⁴ *Id.* at 445, 445 tbl.3 (explaining that juries found willfulness roughly 60% of the time pre-*Seagate* and 62% of the time post-*Seagate*, while judges found willfulness 54% of the time pre-*Seagate* and only 19% of the time post-*Seagate*).

¹³⁵ *Id.* at 445 tbl.3 (reporting that juries found willfulness in 60.9% of cases pre-*Seagate* and in 61.9% of cases post-*Seagate*).