On March 16, 2022, U.S. District Judge William Alsup of the Northern District of California certified two of the hot button issues splitting district courts on the
standard for pleading willful infringement (see order), holding that:

- The complaint itself is insufficient to provide the requisite knowledge of the asserted patents and alleged infringement; and

- Patent owners need not otherwise allege egregious infringing behavior as part of a willful infringement claim.

Recognizing the split among district courts on these issues, the court certified its decision for interlocutory appeal to the Court of Appeals for the Federal Circuit under 28 U.S.C. § 1292(b). Thus, the Federal Circuit may soon have an opportunity to resolve this long-standing split among districts, which, according to Judge Alsup, has consumed a “vast amount of resources” in litigation around the country.

What Can You Do Today?

We provide full context below regarding the case and Judge Alsup’s decision, and will offer further insight should the CAFC provide authoritative guidance. In the meantime, takeaways for practitioners right now include:

- Depending on the jurisdiction, “egregious” acts of infringement are likely not required to be plead in the complaint, and enhanced damages will be determined after finding of infringement and with benefit of the full record; and

- Plaintiffs claiming willful infringement should consider use of pre-suit cease-and-desist letters calling out the patent claims, accused product, and the manner of infringement to give the alleged infringer knowledge of, and a meaningful opportunity to cease, infringement or obtain a license to the patent(s);

Procedural History of the Dispute

The court’s opinion arises in the larger context of Sonos’ and Google’s ongoing speaker technology patent battles. In this instance, on September 28, 2020, Sonos emailed Google an 87-page patent infringement complaint that it intended to file in the Western District of Texas the following day. That complaint asserted direct and indirect infringement and sought enhanced damages for alleged willful infringement. Within twelve hours, Google filed its own complaint in the Northern District of California for a declaratory judgment of noninfringement of the Sonos patents that Sonos had put at issue earlier that day. Early the next day, Sonos filed its infringement complaint as promised. Ultimately, the Federal Circuit directed the Texas court to transfer Sonos’ infringement suit to the Northern District of California. Google then moved to dismiss Sonos’ second amended complaint for failing to adequately plead willful and indirect infringement of three of the remaining four asserted patents. Judge Alsup’s decision followed.

Enhanced Damages Do Not Require Pleading Egregious Infringing Conduct

After surveying the divided district courts’ decisions on what is required to plead
willful infringement, Judge Alsup concluded that, if willful infringement is plausibly plead, the complaint need not further allege circumstances that establish the alleged infringement as “egregious” (i.e., in the words of the Supreme Court’s *Halo v. Pulse* decision, “willful, wanton, malicious, bad-faith, deliberate, consciously wrongful, flagrant, or — indeed — characteristic of a pirate,” 579 U.S. 93, 103-04 (2016)). The court noted that an award of enhanced damages is made by the court after a finding of infringement and with the benefit of a full record. Indeed, the court reasoned, it would be rare for a plaintiff to be aware of the full extent of any egregious behavior in advance of litigation, as the accused infringer will possess most relevant information and only disclose it during discovery. The court therefore found it “unreasonable” to expect a plaintiff to allege the full extent of egregious misconduct at the outset of the suit. Thus, the court declined to dismiss Sonos’ enhanced damages claims on the basis that Sonos failed to plead “egregious” acts of infringement.

The Complaint Cannot Provide Defendants’ Knowledge of the Asserted Patent(s) and Infringement Required to Allege Willful Infringement

With respect to both willful infringement and secondary infringement issues under 35 U.S.C. § 271(b) dividing many district courts, Judge Alsup sided with the majority position that the complaint itself is insufficient to provide the requisite knowledge of the patents and their infringement to an accused infringer. Holding otherwise, the court explained, would undermine the efficacy of cease-and-desist letters. Pre-suit cease-and-desist letters calling out the patent claims, accused product, and the manner of infringement should be encouraged to give the alleged infringer a meaningful opportunity to cease infringement or obtain a license to the patent(s), potentially eliminating the need for litigation and saving vast party and judicial resources. By requiring that the alleged infringer know of the asserted patents and their infringement before filing suit, the court thus encouraged the use of cease-and-desist letters, at least where the patent owner may desire enhanced damages based on willful infringement.

In the case at hand, Sonos’ pre-suit communications with Google did not provide the requisite knowledge because Sonos admitted that these communications did not specifically identify the asserted patents. Nor did Sonos allegation that the parties’ ongoing multi-district patent disputes should have generally provided Google with the requisite knowledge. Thus, the court concluded that Sonos failed to adequately plead willful infringement.

However, the court also held that Sonos would be allowed to plead willful infringement either in the form of an amendment to the complaint in its since-transferred Texas suit or as a counterclaim to Google’s declaratory judgment action. The court based this holding on an additional wrinkle in the form of Google’s preemptive action seeking declaratory judgment of noninfringement of the asserted patents. In order to satisfy its pre-suit obligations including under Federal Rule of Civil Procedure 11, the declaratory judgement plaintiff, Google, presumably studied the patents and accused products sufficient to conclude that it does not infringe, regardless of any cease-and-desist letter from the patent owner. Thus, as the patent owner/declaratory judgment defendant, Sonos should be allowed to plead the
alleged infringer conceded pre-suit knowledge of the patents and accused product by filing a complaint for declaratory judgement of noninfringement. Holding otherwise, the court reasoned, may allow alleged infringers to immunize themselves from the consequences of ongoing willful infringement by forcing patent owners into litigation.

**Contributory and Induced Infringement Knowledge Requirement**

**Pleading Mirrors that of Willful Infringement**

The court similarly dismissed Sonos’ contributory and induced infringement claims for failure to allege pre-suit knowledge of the patents in the absence of a cease-and-desist letter as discussed for willful infringement above. Sonos’ contributory infringement claim was also insufficiently plead for failing to allege an absence of substantial noninfringing uses. Sonos alleged a lack of noninfringing uses for the apps at hand (e.g., the YouTube app) generally, but failed to address the allegedly infringing components.

**Certification for Interlocutory Appeal**

Finally, “recognizing the vast amount of resources being consumed in the district courts over such [willful infringement] pleading issues,” the court certified the issues for interlocutory appeal to the Federal Circuit. Our prior coverage of these divided issues at the district and appellate court levels can attest to the resources litigants and courts have dedicated to them in recent years. See our prior coverage of district court and Federal Circuit opinions, including:


Interestingly, the related question of whether a finding of egregious infringement behavior is even required for enhanced damages under 35 U.S.C. § 284 is the subject of a recent petition for writ of certiorari filed this month by *Cisco Systems* in its ongoing action against SRI International.

Thus, in the not so distant future we may receive authoritative guidance on these issues from the Federal Circuit or Supreme Court itself. Stay tuned for more coverage as these issues continue to progress through the district, and now potentially
appellate and Supreme, courts.