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District Court: Knowledge of Infringement Cannot be Inferred From Non-Production of Opinion of Counsel Letter

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The District of Delaware recently rejected a patentee's argument that non-production of an opinion letter from counsel, combined with knowledge of the patent, warranted a finding that defendant induced infringement.

Plaintiff Kaneka Corporation accused defendants Design for Health, Inc., (DFH) and American River Nutrition, LLC, (ARN) of directly infringing its nutritional supplement patent, and accused ARN of inducing DHS's infringement. The case proceeded to a bench trial where the court found that defendants directly infringed the two asserted patent claims, but refused to find inducement.

Inducement requires both knowledge of the asserted patent *and* knowledge of infringement. That is, a defendant must not only be aware of the patent, but also know that its actions constitute infringement (or be willfully blind to that fact). Here, there was direct and undisputed evidence that ARN's Chief Medical Officer and half-owner, Dr. Tan, knew of the asserted patent. There was not, however, direct evidence that Dr. Tan knew ARN's actions amounted to infringement.

Kaneka argued that circumstantial evidence supported a finding of inducement. Specifically, Kaneka asked the district court to infer from the lack of production that ARN's opinion letter reached a negative conclusion on infringement, and as a result, Dr. Tan and ARN had knowledge of their infringement. The district court refused Kaneka's invitation, pointing out that such an inference was prohibited by statute and Federal Circuit precedent. The district court noted that although Dr. Tan acknowledged in his testimony that he obtained an opinion

of counsel letter, he was not asked about the contents of the letter, nor did he offer to disclose them. In fact, when asked if he came to a decision about whether ARN's product infringed the patent, Dr. Tan testified that he could not answer the question because it was a legal question and he was not an attorney.

Kaneka also attempted to argue that Dr. Tan and the defendants deliberately avoided learning of their infringement, i.e., were willfully blind to the infringement. As support, Kaneka pointed again to ARN's failure to produce the opinion letter. The district court rejected this argument as well, again noting that inference is barred by statute and precedent. The district court further noted that, if anything, by obtaining an opinion letter, Dr. Tan did not take steps to avoid learning about whether ARN infringed the patent.

Practice Tip: This case reaffirms the long-standing principal that courts cannot infer from the nonproduction of an opinion, that a party knew of its infringement. It also highlights the important role of discovery in cases involving claims of inducement. Plaintiffs asserting inducement must take care in discovery to identify specific evidence beyond mere knowledge of the patent to show inducement, and defendants must carefully consider whether to produce an opinion of counsel where one has been obtained.

Kaneka Corporation v. Designs For Health, Inc., et al., 1-21-cv-00209 (D. Del. Dec. 20, 2024)

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