

---

NO. 06-M830

---

UNITED STATES COURT OF APPEALS FOR THE FEDERAL CIRCUIT

---

IN RE SEAGATE TECHNOLOGY, LLC,

Petitioner.

---

**EN BANC CONSIDERATION ON WRIT OF MANDAMUS TO UNITED STATES  
DISTRICT COURT FOR THE SOUTHERN DISTRICT OF NEW YORK  
NO.00-CV-5141,  
JUDGE GEORGE B. DANIELS**

---

**BRIEF OF *AMICI CURIAE* SECURITIES INDUSTRY AND FINANCIAL MARKETS  
ASSOCIATION AND THE FINANCIAL SERVICES ROUNDTABLE**

---

**IN SUPPORT OF PETITIONER**

Melissa MacGregor  
*Associate General Counsel*  
Ira Hammerman  
*Senior Managing Director and General Counsel*  
SECURITIES INDUSTRY AND FINANCIAL  
MARKETS ASSOCIATION  
1399 New York Avenue, NW  
Washington, DC 20005

Thomas S. Biemer  
Philip J. Foret  
DILWORTH PAXSON LLP  
3200 Mellon Bank Center  
1735 Market Street  
Philadelphia, PA 19103  
Telephone: 215-575-7000

*Attorneys for Amici Curiae*

John A. Squires  
*Chair, Intellectual Property Subcommittee*  
SECURITIES INDUSTRY AND FINANCIAL  
MARKETS ASSOCIATION  
GOLDMAN, SACHS & CO.  
85 Broad Street  
New York, NY 10004

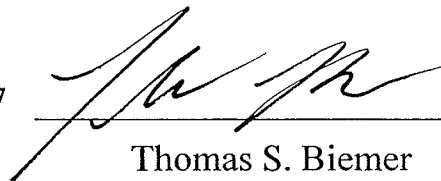
Richard Whiting  
*Executive Director and General Counsel*  
THE FINANCIAL SERVICES ROUNDTABLE  
1001 Pennsylvania Ave. NW. Suite 500  
Washington, DC 20004

## CERTIFICATE OF INTEREST

Counsel for *Amici Curiae* Securities Industry and Financial Markets Association and The Financial Services Roundtable certifies the following:

1. The full names of every party or *amicus* represented by us are:  
(a) Securities Industry and Financial Markets Association and (b) The Financial Services Roundtable.
2. The names of the real parties in interest represented by us are: See 1 above.
3. All parent corporations and any publicly held companies that own 10 percent or more of the stock of any of the parties represented by us are: None.
4. There is no such corporation as listed in paragraph 3.
5. The name of all law firms and the partners or associates that appeared for any of the parties represented by us in the trial court or are expected to appear in this Court are: (a) Thomas S. Biemer and Philip J. Foret, Dilworth Paxson LLP.

Dated: March 20, 2007

  
Thomas S. Biemer

## TABLE OF CONTENTS

CERTIFICATE OF INTEREST .....	i
TABLE OF AUTHORITIES .....	iii
STATEMENT OF INTEREST .....	1
ARGUMENT .....	4
A.    Growth Of Patented Technology In The Securities And Financial Services Industry .....	6
B.    The Affirmative Duty Rule Is At Odds With Supreme Court Jurisprudence and This Court’s Own Precedent .....	9
C.    The Affirmative Duty Has A Chilling Effect On The Attorney-Client Privilege .....	12
CONCLUSION .....	15

## TABLE OF AUTHORITIES

### CASES:

<i>BMW of N. Am., Inc. v. Gore</i> , 517 U.S. 559 (1996) .....	10
<i>Crystal Semiconductor Corp. v. TriTech Microelectronics Int'l Inc.</i> , 246 F.3d 1336 (Fed. Cir. 2001) .....	10
<i>Festo v. Shoketsu Kinzoku Kogyo Kabushiki Co.</i> , 535 U.S. 722 (2002) .....	9
<i>Fort James Corp. v. Solo Cup Co.</i> , 412 F.3d 1340 (Fed. Cir. 2005) .....	12
<i>Johns Hopkins Univ. v. Cellpro</i> , 152 F.3d 1342 (Fed. Cir. 1998) .....	6
<i>Knorr-Bremse Sys. FuerNutzfahrzeuge GmbH v. Dana Corp.</i> 344 F.3d 1337 (Fed. Cir. 2004) .....	4, 5, 6, 11
<i>Liquid Dynamics Corp. v. Vaughan Co.</i> , 449 F.3d 1209 (Fed. Cir. 2006) .....	12
<i>Philip Morris USA v. Williams</i> , 549 U.S. ____ (2007) .....	10
<i>Sensonics, Inc. v. Aerosonic Corp.</i> , 81 F.3d 1566 (Fed. Cir. 1996) .....	9
<i>State Farm Mut. Auto. Ins. Co. v. Campbell</i> , 538 U.S. 408 (2003) .....	10
<i>State St. Bank &amp; Trust Co. v. Signature Fin. Group, Inc.</i> , 149 F.3d 1368 (Fed. Cir. 1998) .....	7
<i>Underwater Devices, Inc. v. Morrison-Knudsen Co.</i> , 717 F.2d 1380 (Fed. Cir. 1983) .....	4, 5, 6, 13, 15

<i>Upjohn Co. v. United States</i> , 449 U.S. 383 (1981) .....	13
---	----

<i>Vulcan Eng.g Co. v. Fata Aluminum, Inc.</i> , 278 F.3d 1366 (Fed. Cir. 2002) .....	5
--	---

## STATUTES AND REGULATIONS:

35 U.S.C. § 284 .....	5, 9
-----------------------	------

## RULES:

Fed. R. App. P. 29(b) .....	2
-----------------------------	---

## CONGRESSIONAL BILLS:

S. 3818, 109th Cong. (2006) .....	4, 12
-----------------------------------	-------

## MISCELLANEOUS:

<i>Benchmarking Survey Of Intellectual Property Owners Association</i> (2006) .....	8
---	---

<i>Bridging the Tax Gap: Hearing Before the Comm. on Senate Fin.</i> , 108th Cong. (2004) .....	7
---	---

Adam B. Jaffe & Josh Lerner, <i>Innovation And Its Discontents</i> (2004) .....	8
---	---

Peter H. Kang, <i>A Practitioner's Approach to Strategic Enforcement and Analysis of Business Method Patents in the Post-State Street Era</i> , 40 IDEA 267 (2000) .....	14
--	----

<i>Patent Quality Improvement: Hearing before the Subcomm. on Courts, the Internet, and Intellectual Property of the House of Representatives Comm. on the Judiciary</i> ,	
--	--

108th Cong. 40 (2003) .....	8
Matthew D. Powers & Steven C. Carlson, <i>The Evolution and Impact of the Doctrine of Willful Patent Infringement</i> , 51 Syracuse L. Rev. 53 (2001) .....	7, 13
Note, <i>Coerced Waiver of the Attorney-Client Privilege for Opinions of Counsel in Patent Litigation</i> , 80 Minn. L. Rev. 167 (1995) .....	12
Note, <i>Encouraging Unprofessionalism: the Magic Wand of the Patent Infringement Opinion</i> , 12 Geo. J. Legal Ethics 593 (1999) .....	13
Edwin H. Taylor and Glenn E. Von Tersch, <i>A Proposal to Shore up the Foundations of Patent Law that the Underwater Line Eroded</i> , 20 Hastings Comm. & Ent. L.J. 721 (1998) .....	10

## STATEMENT OF INTEREST OF *AMICI CURIAE*

*Amici* are associations representing the leading national and international securities and financial services companies that touch every aspect of the securities and financial services industry. *Amicus* Securities Industry and Financial Markets Association (“SIFMA”) represents the shared interests of more than 650 of the leading securities firms, banks and asset managers in financial markets in the United States and around the world. SIFMA’s mission is to promote local and global policies to expand and perfect markets, to foster the development of new products and services and to create efficiencies for member firms, while preserving and enhancing the public’s trust and confidence in the markets and the industry. It has offices in New York, Washington D.C., and London, and its associated firm, ASIFMA, is based in Hong Kong. *Amicus* Financial Services Roundtable (“FSR”) represents 100 of the largest integrated financial services companies providing banking, insurance, and investment products and services to the nation’s consumers. FSR member companies provide fuel for America’s economic engine, accounting directly for \$18.3 trillion in managed assets, \$678 billion in revenue, and 2.1 million jobs. Its mission is to be the premier forum in which leaders of the United States financial services industry influence critical public policy issues. *Amici* file this *amicus* brief pursuant to the accompanying Motion under F.R.A.P. 29(b) and the invitation in the Court’s January 26, 2007 Order.

The patent system strives to balance the public's right to innovate and a patent holder's right to exclude. Patent infringement is a tort and like any tort, willful conduct is not tolerated and is deterred by severe financial and other penalties - enhanced damages, attorney's fees and the like. These penalties are intended to make it untenable and inherently risky for an infringer to disregard the government-awarded rights of the patent holder. As a result, patent holders possess a powerful weapon that unfortunately has been increasingly abused. Litigation abuse has been abetted, however, by the current state of the law, which makes it difficult and uncertain for the public to effectively evaluate patent rights and provides an incentive for ignorance lest the would-be evaluator infect itself with actual notice of another's patent rights. In addition, the current state of the law imposes significant transaction costs and reputational risks on potential infringers and good faith evaluators alike. As explained below, because of the uncertainty in the law, and dire consequences and disincentives to performing good faith due diligence in respect of another's patent rights, these costs and risks are particularly acute in the securities and financial services industry.

Risks are specifically misallocated between a patent holder and an accused infringer with respect to the affirmative duty to exercise due care once notice arises of another's patent rights. The current duty affirmatively and improperly shifts the burden and costs to an accused infringer to negate willfulness. This shift occurs at

the point when the patent holder merely provides notice of its patent rights to an accused infringer. The current state of the law then imposes a significant burden on a potential infringer to obtain a costly and competent legal opinion regarding infringement that may be used to provide a basis for reasonable reliance on the advice of counsel as a defense to willful patent infringement.

In the securities and financial services industry, the impact of the shift of the duty of care is particularly profound. The dynamic nature of the industry exposes *Amici* members to an untenable dilemma when confronted with notice of another's patent rights - either obtain a costly legal opinion or face enhanced damages for willful infringement. This problem is exacerbated by the relatively recent exposure of the industry to business method and system patents that are often broad in scope, requiring an alleged infringer to conduct a wide-ranging and costly investigation of its methods and systems.

Because damages for willful infringement are punitive in nature, the current standard stands in stark contrast to Supreme Court jurisprudence and this Court's precedent. That jurisprudence places the burden of proof on a plaintiff to support a finding of punitive damages. The current duty of care standard also unnecessarily undermines the attorney client privilege. Because a defense of reliance on counsel currently results in a broad waiver of the attorney client privilege, the rule

requiring a legal opinion to ward off a willfulness finding stifles full and frank communications with opinion and trial counsel.

Due diligence is a skill and strength of Wall Street, as the investing public and bankers alike seek to minimize risk through transparency. A legal rule – such as the current willfulness doctrine – that chills due diligence by imposing severe penalties on knowledge is anathema to healthy markets and the firms that operate within them. The affirmative duty rule is particularly vexing to the financial services sector and should be overruled.

Accordingly, *Amici* respectfully submit this *amicus* brief to advocate an affirmative answer to the third question posed in the Court’s January 26, 2007 Order. *Amici* further advocate that the affirmative duty doctrine should be abolished, at least in favor of a clearer and less risky standard such as set forth in proposed legislation, S. 3818, 109th Cong. (2006), and the patent holder should have the burden to establish willfulness based on clear and convincing evidence.<sup>1</sup>

## **I. ARGUMENT**

The affirmative duty doctrine was set forth by this Court in *Underwater Devices, Inc. v. Morrison-Knudsen Co.*, 717 F.2d 1380 (Fed. Cir. 1983). In *Underwater Devices*, this Court stated that where “a potential infringer has actual

---

<sup>1</sup> SIFMA’s predecessor filed an *amicus* brief in *Knorr-Bremse Sys. FuerNutzfahrzeuge GmbH v. Dana Corp.*, 344 F.3d 1337 (Fed. Cir. 2004). Judge Dyk cited that *amicus* brief in recognition of the problems relating to the duty of care standard.

notice of another's patent rights, he has an affirmative duty to exercise due care to determine whether or not he is infringing." *Underwater Devices*, 717 F.2d at 1389 (citations omitted). This Court further enunciated that the "affirmative duty includes, *inter alia*, the duty to seek and obtain competent legal advice from counsel *before* the initiation of any possible infringing activity." *Id.* at 1390 (citations omitted) (emphasis in original). Consequently, once a potential infringer is placed on notice of another's patent rights, the affirmative duty doctrine requires that the potential infringer incur significant transaction costs to obtain a legal opinion or risk a finding of willful patent infringement. These risks are substantial because the tort of willful patent infringement subjects an infringer to enhanced damages under 35 U.S.C. § 284. *See Vulcan Eng.g Co. v. Fata Aluminum, Inc.*, 278 F.3d 1366, 1378 (Fed. Cir. 2002).

Recently, in *Knorr-Bremse Sys. FuerNutzfahrzeuge GmbH v. Dana Corp.*, 344 F.3d 1336 (Fed. Cir. 2004), this Court overturned the adverse inference rule, a companion to the affirmative duty doctrine, by holding that "no adverse inference that an opinion of counsel was or would have been unfavorable flows from an alleged infringer's failure to obtain or produce an exculpatory opinion of counsel." *Knorr-Bremse*, 344 F.3d at 1341. Even in view of *Knorr-Bremse*, however, a potential infringer is still required to obtain a competent legal opinion that must adhere to strict legal standards, which usually includes review of voluminous

technical and industry specific documents, government records and a myriad of legal precedent in order for the opinion to have defensive value at trial. *See Underwater Devices*, 717 F.2d 1380 (Fed. Cir. 1983); *see also Johns Hopkins Univ. v. Cellpro*, 152 F.3d 1342 (Fed. Cir. 1998). In short, this Court's decision in *Knorr-Bremse* only fixed part of the problem.

Moreover, the current standard conflicts with Supreme Court jurisprudence, which has never recognized shifting the burden of proof to a defendant in punitive damages cases, and this Court's precedent that the plaintiff bears the burden of proof for willful patent infringement. Additionally, an unintended consequence of the affirmative duty doctrine is its chilling impact on attorney-client communications because the privilege must be waived if the defense of advice of counsel is asserted at trial. These consequences are particularly pronounced in industries served by *Amici* members where business methods and systems are constantly evolving and the need for thorough disclosure and extensive due diligence with legal counsel is at the highest level.

A. **Growth Of Patented Technology In The Securities And Financial Services Industry**

Prior to 1998, the securities and financial services industry had limited exposure to the patent system because most proprietary business methods were protected as confidential business information or trade secrets. These industries experienced a significant increase in patent exposure following this Court's

decision in *State St. Bank & Trust Co. v. Signature Fin. Group, Inc.*, 149 F.3d 1368 (Fed. Cir. 1998), which recognized that computer implemented systems and business methods are patentable subject matter.

Following *State Street*, the number of business method patent application filings substantially increased. See *Bridging the Tax Gap: Hearing Before the Comm. on Senate Fin.*, 108th Cong. (2004) (statement of Nick Godici, Commissioner of Patents, U.S. Department of Commerce). Although the *State Street* decision provides *Amici* members with favorable conditions to seek patent protection for novel methods and systems, it subjects them to claims that their business methods and systems may potentially infringe newly patented business methods and systems of third parties.

Claims of infringement of business method and system patents raise significant, highly complex issues relating to interpreting a patent claim's scope and validity as well as contextual issues such as the industry, product, process and/or technology to which the patent claims are directed. See Matthew D. Powers & Steven C. Carlson, *The Evolution and Impact of the Doctrine of Willful Patent Infringement*, 51 Syracuse L. Rev. 53, 98 (2001) (hereinafter, "Powers & Carlson"). Such claims are generally broad in scope and difficult to interpret. As a consequence, after being placed on notice of another's patent rights, a company in the securities and financial services industry must perform a costly analysis of

company-wide business operations to ensure that their systems and methods do not infringe the patent claims at issue. Part of that investigation traditionally includes an examination of the prior art. Prior art investigations, however, are difficult to perform because suitable prior art databases do not exist for business methods and computer-implemented system subject matter. *See* Adam B. Jaffe & Josh Lerner, *Innovation And Its Discontents*, 145-49 (2004). These complexities make it more costly for a company to evaluate whether it has a good faith basis to practice a technology that may be covered by issued patent claims. *Id.* As a corollary, the analysis of these issues requires sophisticated legal consultation and advice.

In the securities and financial services industry, the practical impact of the affirmative duty doctrine imposes significant transaction costs on *Amici* members. *See* Powers & Carlson at 98. For example, it is reasonable to anticipate that the cost for obtaining a competent opinion from counsel could exceed \$30,000.00. *See Benchmarking Survey Of Intellectual Property Owners Association* (2006).

The affirmative duty doctrine has produced abusive practices by patent holders. In what has been referred to as the “37 cent stamp” problem, patent holders send a letter to an alleged infringer enclosing the patent and suggesting that there may be infringing activity. *See Patent Quality Improvement: Hearing before the Subcomm. on Courts, the Internet, and Intellectual Property of the House of Representatives Comm. on the Judiciary*, 108th Cong. 40-49 (2003) (statement of

Mark Kessler, Managing Director and Associate General Counsel, J.P. Morgan Chase & Co.). With notice, the affirmative duty doctrine shifts the burden to the potential infringer to obtain legal advice or risk a finding of willfulness. While the letter creates severe consequences for the alleged infringer, it may not even give rise to an actual case or controversy suitable for a declaratory judgment action.

The affirmative duty doctrine is at odds with the patent system. Patent law strives to maintain a delicate balance between the rights of patent holders, who rely on the benefits of developing and protecting their invention and bringing it to the market, and the public, which is encouraged to pursue innovations and new ideas beyond patent rights of others. *See Festo v. Shoketsu Kinzoku Kogyo Kabushiki Co.*, 535 U.S. 722, 730-31 (2002). That balance is upset where a patent holder can impose significant costs and risks on a potential infringer merely by dropping a letter in the mail.<sup>2</sup>

**B. The Affirmative Duty Rule Is At Odds With Supreme Court Jurisprudence and This Court's Own Precedent**

This Court has recognized that enhanced damages awarded under Section 284 of the Patent Act are punitive in nature. *See Sensonics, Inc. v. Aerosonic Corp.*, 81 F.3d 1566, 1574 (Fed. Cir. 1996). Consequently, the current standard

---

<sup>2</sup> Indeed, SIFMA created and operates a clearinghouse (see, [http://www2.sia.com/IP\\_Wherehouse/](http://www2.sia.com/IP_Wherehouse/)) to connect members on predatory patent assertions and licensing, but registered members face additional risk of triggering notice potentially and potentially their affirmative duties under the rule.

does not comport with Supreme Court jurisprudence. The Supreme Court recognizes that there are fundamental due process concerns in punitive damages cases. *See Philip Morris USA v. Williams*, 549 U.S. \_\_\_\_ (2007); *State Farm Mut. Auto. Ins. Co. v. Campbell*, 538 U.S. 408 (2003); *BMW of N. Am., Inc. v. Gore*, 517 U.S. 559 (1996). In fact, the Supreme Court has never approved shifting the burden of proof to a defendant to negate a punitive damages award. Moreover, the Supreme Court has stated, “Punitive damages should only be awarded if the defendant’s culpability, after having paid compensatory damages, is so reprehensible as to warrant the imposition of further sanctions to achieve punishment or deterrence.” *State Farm*, 538 U.S. at 419.

Indeed, the affirmative duty doctrine is seemingly inconsistent with this Court’s own precedent. In this respect, this Court has consistently held that a plaintiff bears the burden of proving willful infringement by the higher standard of clear and convincing evidence. *See Crystal Semiconductor Corp. v. TriTech Microelectronics Int’l Inc.*, 246 F.3d 1336, 1346 (Fed. Cir. 2001). The affirmative duty doctrine, however, by shifting the burden to an alleged infringer to negate willful intent, turns the traditional burden for demonstrating willfulness on its head. *See generally* Edwin H. Taylor and Glenn E. Von Tersch, *A Proposal to Shore up the Foundations of Patent Law that the Underwater Line Eroded*, 20 Hastings Comm. & Ent. L.J. 721, 729-30 & n. 44 (1998). In short, the current standard is

contrary to Supreme Court precedent recognizing that due process rights must be protected where punitive damages are sought and to this Court's precedent that punitive damages must be established by clear and convincing evidence.

An alleged infringer's exercise of due care should not be a dispositive element of plaintiff's willful patent infringement claim.<sup>3</sup> The critical issue should be whether the plaintiff can prove that the conduct of an alleged infringer is culpable enough to permit a finding of willfulness. This Court has recognized circumstances where a finding of willfulness is appropriate and punitive damages warranted such as, "deliberate copying, concealing infringing activity, infringement where the infringer knows that it is infringing or where it knows it has only frivolous defense, infringement designed to injure a competitor, etc." *Knorr-Bremse*, 344 F.3d at 1349-50. In this respect, a patent holder should be held to the standard of proof adopted by this Court and be required to prove that an alleged infringer's actions were reprehensible and rise to a level of willfulness. This Court's standard of proof could be properly tempered with limitations on a finding of willfulness in instances where an infringer had an informed good faith belief that an asserted patent was invalid, unenforceable or that the infringer's conduct did not infringe the patent, as proposed in recent legislation. *See* S. 3818,

---

<sup>3</sup> *Amici* is not contending that failure to conduct an investigation when on notice of another's patent rights cannot be a factor in the determination. Rather, *Amici* contend that mere notice of another's patent rights should not automatically trigger a duty to obtain a costly legal opinion to negate willfulness.

109th Cong. (2006). Such a limitation would strike an appropriate balance between punishing willful infringers, while contemporaneously encouraging good faith investigation of the patent rights of others.

C. **The Affirmative Duty Has A Chilling Effect On The Attorney-Client Privilege**

An unintended and problematic consequence of the affirmative duty rule is its chilling impact upon attorney-client communications. *See Note, Coerced Waiver of the Attorney-Client Privilege for Opinions of Counsel in Patent Litigation*, 80 Minn. L. Rev. 167, 183 (1995). One important factor in determining willfulness is whether legal advice was sought prior to infringement. *See generally Liquid Dynamics Corp. v. Vaughan Co.*, 449 F.3d 1209, 1225 (Fed. Cir. 2006). In cases where the advice of counsel is relied upon in defense of allegations of willful patent infringement, the “widely applied standard for determining the scope of the waiver of attorney-client privilege is that the waiver applies to all other communications relating to the same subject matter.” *Fort James Corp. v. Solo Cup Co.*, 412 F.3d 1340, 1349 (Fed. Cir. 2005). Consequently, a legal opinion and related attorney client communications must be produced at trial. As a result, counsel and their clients are acutely aware of the effect of the affirmative duty doctrine’s waiver of the attorney client privilege.

The affirmative duty doctrine was intended to provide accused infringers with an incentive to conduct thorough investigations as to whether their activities

infringe upon valid U.S. patents once placed on notice by a patent holder. *See Underwater Devices*, 717 F.2d at 1389. In exercising due care in circumstances where a legal opinion is warranted, an alleged infringer may have to disclose confidential business information and other trade secrets so that its counsel can develop a competent opinion. The attorney-client privilege is designed to encourage such disclosure between attorneys and their clients to serve the broader public interest. *See Upjohn Co. v. United States*, 449 U.S. 383, 389 (1981). In practice, however, the privilege is compromised and communications are chilled because the affirmative duty doctrine encourages alleged infringers to obtain a showpiece opinion letter that is intended to provide a defensive tool at trial. *See generally Underwater Devices*, 717 F.2d at 1389; Note, *Encouraging Unprofessionalism: the Magic Wand of the Patent Infringement Opinion*, 12 Geo. J. Legal Ethics 593, 594 (1999). As observed by one commentator “[t]he fact that a party obtained an opinion may only mean that it was litigation-savvy enough to realize the benefits of doing so, not that the party’s conduct was proper.” *See Powers & Carlson* at 105.

In the securities and financial services industry, the need for complete and open communications with counsel is particularly evident where patent infringement claims are asserted against its members. Historically, companies in the securities and financial services industry have not patented their systems and

methods; have sought but have not yet obtained patent protection for business methods; or have instead relied upon protecting methods as confidential business information and/or trade secrets. These companies need the assistance and advice of competent patent counsel to recognize potentially patentable business methods, as well as to investigate potential claims of infringement. Peter H. Kang, *A Practitioner's Approach to Strategic Enforcement and Analysis of Business Method Patents in the Post-State Street Era*, 40 IDEA 267, 275 (2000). However, the chilling effect that the affirmative duty doctrine places on the attorney-client privilege suppresses communications between alleged infringers and its counsel.

In summary, the affirmative duty doctrine creates a manifestly inequitable situation for accused infringers. The current rule forces a company that receives notification of patent rights to incur significant transaction costs to obtain an exculpatory legal opinion, and yet risk waiver of the attorney client privilege if the advice of counsel defense is asserted at trial, or run the risk of a finding of willfulness because an opinion was not obtained. The rule shifts this burden even if an alleged infringer has a good faith belief that an infringement claim lacks merit. Shifting the burden of proof to the alleged infringer to negate intent is contrary to Supreme Court jurisprudence and this Court's own precedent. Further, the affirmative duty doctrine chills a client's ability to obtain needed advice from counsel because of the waiver rule associated with reliance on advice of counsel.

This shifting of the burden is improper and should be changed to restore balance to the patent system by eliminating the affirmative duty rule and placing the burden on a patent holder to prove willful infringement by clear and convincing evidence.

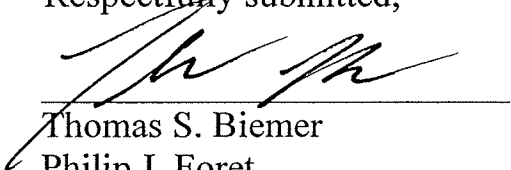
## II. CONCLUSION

For the foregoing reasons, this Court should hold with respect to Question No. 3 in its Order that the affirmative duty to exercise due care required under *Underwater Devices* improperly shifts plaintiff's burden of proving willful infringement by clear and convincing evidence to an alleged infringer, who must obtain an exculpatory legal opinion or face the consequences of willful infringement if a legal opinion is not obtained, and should be abolished.

Melissa MacGregor  
*Associate General Counsel*  
Ira Hammerman  
*Senior Managing Director and General Counsel*  
SECURITIES INDUSTRY AND  
FINANCIAL MARKETS ASSOCIATION  
1399 New York Avenue, NW  
Washington, DC 20005

John A. Squires  
*Chair, Intellectual Property Subcommittee*  
SECURITIES INDUSTRY AND  
FINANCIAL MARKETS ASSOCIATION  
85 Broad Street  
New York, NY 10004

Respectfully submitted,



Thomas S. Biemer  
Philip J. Foret  
DILWORTH PAXSON LLP  
1735 Market Street  
3200 Mellon Bank Center  
Philadelphia, PA 19103  
215-575-7025

Counsel for *Amici Curiae*

Dated: March 20, 2007

Richard Whiting  
*Executive Director and General Counsel*  
THE FINANCIAL SERVICES ROUNDTABLE  
1001 Pennsylvania Ave. NW. Suite 500  
Washington, DC 20004

**CERTIFICATE OF FILING AND PROOF OF SERVICE**

I hereby certify that on this 20th day of March, 2007, I caused two (2) copies of the foregoing Brief of *Amici Curiae* Securities Industry and Financial Markets Association and The Financial Services Marketplace to be served, via DHL Next Day delivery, addressed to the following:

Debra Brown Steinberg  
Cadwalader, Wickersham & Taft LLP  
One World Financial Center  
New York, NY 10281

*Attorney for Respondent Convoke, Inc.*

Brian Edward Ferguson  
McDermott, Will & Emory  
600 13<sup>th</sup> Street, N.W., Suite 1200  
Washington, DC 20005-3096

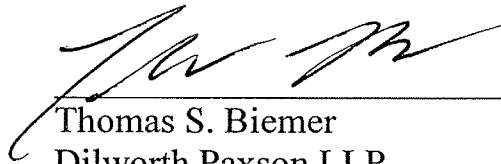
*Attorney for Petitioner Seagate Technology, LLC*

Debra Brown Steinberg  
Cadawalader, Wickersham & Taft LLP  
One World Financial Center  
New York, NY 10281

*Attorney for Respondent The Massachusetts Institute of Technology*

I also certify that on this 20th day of March, 2007, I caused thirty (30) copies including the original of the Brief of *Amici Curiae* Securities Industry and Financial Markets Association and The Financial Services Roundtable to be sent by DHL Next Day delivery to the following address:

Clerk of Court  
United States Court of Appeals for the Federal Circuit  
717 Madison Place, NW  
Washington, DC 20439.

A handwritten signature in black ink, appearing to read 'T. S. Biemer', is written over a horizontal line.

Thomas S. Biemer  
Dilworth Paxson LLP  
3200 Mellon Bank Center  
1735 Market Street  
Philadelphia, PA 19103  
Telephone No. 215-575-7000  
Facsimile No. 215-575-7200


### CERTIFICATE OF COMPLIANCE

Pursuant to Federal Rule of Appellate Procedure 32(a)(7)(C), the undersigned certifies that this brief complies with the type-volume limitations of Federal Rule of Appellate Procedure 32(a)(7)(B)(i) and this Court's Order of September 26, 2003.

1. Exclusive of the exempted portions of the brief, as provided in Fed.R.App.P. 32(a)(7)(B)(iii), this brief includes 3,469 words.

2. This brief has been prepared in proportionally spaced typeface with Microsoft Office Word 2003 in 14 point Times New Roman font. As permitted by Fed.R.App.P. 32(a)(7)(C), the undersigned has relied upon the word count of this word-processing system in preparing this certificate.

Dated: March 20, 2007



---

Thomas S. Biemer