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ENHANCED PATENT INFRINGEMENT DAMAGES POST-*HALO*
AND THE PROBLEM WITH USING THE *READ* FACTORS

BETUL SERBEST*

INTRODUCTION

Since the beginning of United States patent law, one of the functions of the patent system has been punishing and deterring willful infringers of a valid patent.¹ This is regularly accomplished through enhanced damages.² The damages section of the Patents Act states in part, “the court may increase the damages up to three times the amount found or assessed.”³ This is reserved for willful infringement,⁴ but the standard for determining whether infringing conduct was willful has varied historically.⁵ The Supreme Court made the most recent change to the willfulness inquiry in *Halo Electronics, Inc. v. Pulse Electronics, Inc.*⁶

Once there is a willfulness finding by a jury, a court may, in its discretion, award enhanced damages.⁷ Although the willfulness standard has changed multiple times in the past few decades, the factors courts rely on to aid in their discretion in enhancing damages has remained the same in that time period.⁸ These factors were introduced by the United States Court of Appeals for the Federal Circuit in *Read Corp. v. Portec, Inc.*⁹ However, as this note will show, use of the *Read* factors is problematic after *Halo*. First, in *Halo*, the Supreme Court rejected any rule or formula for awarding en-

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1. *Halo Elecs., Inc. v. Pulse Elecs., Inc.*, 136 S. Ct. 1923, 1928 (2016) (“Enhanced damages are as old as U.S. patent law.”).

2. *See Seymour v. McCormick*, 57 U.S. 480, 489 (1854) (stating that vindictive damages are ordered “not to recompense the plaintiff, but to punish the defendant”).

3. 35 U.S.C. § 284 (2012).

4. *See Halo*, 136 S. Ct. at 1932.

5. *See id.* at 1928–30.

6. *Id.* at 1928.

7. *Id.* at 1933–34.

8. *See Read Corp. v. Portec, Inc.*, 970 F.2d 816, 826–27 (Fed. Cir. 1992) (introducing the nine factors). *See also* *PPC Broadband, Inc. v. Corning Optical Commc’ns RF, LLC*, No. 5:11-cv-761 (GLS/DEP), 2016 U.S. Dist. LEXIS 152450, at *15–16 (N.D.N.Y. Nov. 3, 2016) (continuing to rely on the *Read* factors).

9. 970 F.2d at 826–27.

hanced damages,¹⁰ but some courts' use of the *Read* factors leads to a mechanical and mathematical application inconsistent with *Halo*. Additionally, the *Halo* Court suggested that the willfulness inquiry is focused on willfulness during the time of infringement. However, *Read* Factor Three directs courts to consider the infringer's litigation behavior. Finally, *Read* Factor Five, the "closeness of the case," is inconsistent with *Halo* because it undermines the Supreme Court's rejection of an objective inquiry for a willfulness determination.

Predictability of whether a court will enhance damages is extremely important. Patent disputes can involve large sums of money and damages.¹¹ Enhanced damages can significantly impact the business and financial stability of patent infringers.¹² The possibility of a willfulness finding at trial also gives great leverage to patentees in litigation because it may lead to enhanced damages against the infringer. More litigants will likely opt to settle or pay licensing fees when faced with the possibility of a willfulness finding. Thus, determining what constitutes willful infringement and warrants enhanced damages is critical because it (1) gives parties in a patent case a better idea of what their potential damages may be and (2) allows courts to better determine what kind of behavior warrants enhanced damages and in what amount.

Additionally, as the willfulness test has become more open-ended over time, the enhanced damages inquiry is an even more important question to consider. Prior to *Halo*, the willfulness inquiry was dictated by a test set forth in *In re Seagate Technology, LLC*.¹³ The two-part test involved both a subjective and an objective analysis of willful infringement.¹⁴ More specifically, the objective analysis of the test required that the infringer act despite an objectively high risk of infringement.¹⁵ In 2016, the Supreme Court

10. *Halo*, 136 S. Ct. at 1932 (stating that "there is no precise rule or formula for awarding damages under § 284"); *id.* at 1934 ("[W]e eschew any rigid formula for awarding enhanced damages under § 284.").

11. See J. Shawn McGrath & Kathleen M. Kedrowski, *Damages Trends in Patent and Lanham Act Cases*, AMERICANBAR.ORG (2010), <http://apps.americanbar.org/litigation/committees/corporate/docs/2010-cle-materials/05-hot-topics-ip-remedies-injunctions/05b-damages-trends-ga-bar.pdf> [<https://perma.cc/U9D5-G5PQ>] (providing a table of "Top 10 Patent Damages Awards" for the period between 1982 and 2008).

12. See CHRIS BARRY ET AL., 2016 PATENT LITIGATION STUDY: ARE WE AT AN INFLECTION POINT? 2 (2016), <https://www.pwc.com/us/en/forensic-services/publications/assets/2016-pwc-patent-litigation-study.pdf> [<https://perma.cc/5X2Y-9YCJ>] (listing the "top ten largest initial adjudicated damages awards" from 1996 to 2015 in patent litigation; damages were as high as 467 million to 1.673 billion).

13. See *Halo*, 136 S. Ct. at 1928.

14. *In re Seagate Tech., LLC*, 497 F.3d 1360, 1371 (Fed. Cir. 2007).

15. *Id.*

overruled the *Seagate* willful infringement test.¹⁶ The Court struck down the objective requirement,¹⁷ stating that a showing of “egregious conduct” beyond ordinary infringement is the new standard for enhanced damages.¹⁸ This new standard is extremely open-ended and gives great discretionary power to district courts.

The change in the willfulness standard has certainly made a difference in patent cases. Cases that before did not reach the question of subjective willfulness because the objective prong of the *Seagate* test was not met are now being brought before juries at higher rates under the more open *Halo* standard.¹⁹ In fact, the Court in *Halo* stated that one of its reasons for making the test more lenient was to increase the occurrence of willfulness findings and enhanced damages awards.²⁰ Therefore, the discretion that courts have in choosing whether or not to enhance damages becomes even more important because there will now be more cases where courts will have to exercise that discretion.

However, the *Halo* Court did not provide any guidance to courts on how to exercise this increased discretion. The *Halo* Court was also completely silent as to whether the use of the *Read* factors is appropriate after *Halo*. As a result of this broad discretionary power, courts continue to rely on the *Read* factors when faced with the question of whether to enhance damages to guide their decision.²¹

This note evaluates the *Read* factors, which guide a court’s determination of whether to enhance damages. More specifically, this note suggests that a full *Read* factor analysis may be inconsistent with the lessons the Supreme Court provided in *Halo*. First, a discussion of the development of the willful infringement standard and the *Read* factors is necessary. An analysis of inconsistencies of the *Read* factors with the Supreme Court’s holding in *Halo* will follow. Finally, this note suggests a potential approach courts should take to analyzing enhanced damages.

16. See *Halo*, 136 S. Ct. at 1928.

17. *Id.* at 1932–33.

18. *Id.* at 1934.

19. See, e.g., *id.*

20. *Id.* at 1926 (“By requiring an objective recklessness finding in every case, the *Seagate* test excludes from discretionary punishment many of the most culpable offenders.”).

21. See *PPC Broadband, Inc. v. Corning Optical Commc’ns RF, LLC*, No. 5:11-cv-761 (GLS/DEP), 2016 U.S. Dist. LEXIS 152450, at *15–16 (N.D.N.Y. Nov. 3, 2016).

I. THE EVOLUTION OF THE WILLFUL INFRINGEMENT STANDARD AND *READ* FACTORS

The path to receiving enhanced damages involves two steps. First, the patentee must prove that the infringement was willful.²² Once a jury finds that the infringement was willful, the court must use its discretion to determine whether and in what amount to enhance damages.²³ There have been many changes to the willfulness test for patent infringement over time,²⁴ yet the test for guiding the discretion of courts in deciding whether to enhance damages has remained constant.²⁵ The willfulness test has become increasingly more open-ended, but the *Read* factors for aiding discretion in enhancing damages have not changed at all to compliment the willfulness test.

A. Willful Infringement, Enhanced Damages, and the Read Factors Prior to Halo

Enhanced damages were mandatory under the first Patent Act in 1793.²⁶ The Act stated that damages “shall be at least equal to three times the price” at which the patentee sold or licensed the invention to others.²⁷ Discretion of the district courts was introduced in the Patent Act of 1836.²⁸ This Act left the decision to order enhanced damages to the discretion of the court.²⁹ Enhanced damages have remained discretionary ever since.³⁰ The current Patent Act reads, “the court may increase damages up to three times the amount found or assessed.”³¹

The willfulness standard used to impose an affirmative duty on potential infringers to “exercise due care to determine whether or not he is in-

22. *See Halo*, 136 S. Ct. at 1933–34.

23. *See id.*

24. *See In re Seagate Tech., LLC*, 497 F.3d 1360, 1371 (Fed. Cir. 2007) (establishing a two-prong test for willful infringement). *See also id.* at 1928 (striking down the *Seagate* two-prong willfulness test).

25. *See Read Corp. v. Portec, Inc.*, 970 F.2d 816, 826–27 (Fed. Cir. 1992) (introducing the nine factors). *See also PPC Broadband*, 2016 U.S. Dist. LEXIS 152450, at *15–16 (continuing to rely on the *Read* factors).

26. Howard Wisnia & Thomas Jackman, *Reconsidering the Standard for Enhanced Damages in Patent Cases in View of Recent Guidance from the Supreme Court*, 31 SANTA CLARA HIGH TECH. L.J. 461, 465–66 (2015).

27. *Id.* at 465.

28. *Id.*

29. *Id.*

30. *Id.*

31. 35 U.S.C. § 284 (2012).

fringing” upon actual notice of a patent.³² In *Seagate*, the United States Court of Appeals for the Federal Circuit overruled that standard and set forth a two-part test for determining willful infringement.³³ The first step was an objective standard that required that the “infringer acted despite an objectively high likelihood that its actions constituted infringement of a valid patent.”³⁴ If the objective standard was satisfied, the patentee was also required to show that the objective risk was either subjectively known or “so obvious that it should have been known” to the infringer.³⁵ Additionally, under *Seagate*, the standard of proof that the patentee needed to overcome for a finding of willfulness was “clear and convincing evidence.”³⁶ This is inconsistent with much of patent law where the standard has always been “preponderance of the evidence,” a much lower standard.³⁷

Thus, post-*Seagate*, the objective reasonableness test combined with a jury finding of subjective willfulness was the threshold determination for enhanced damages. The district court then used its discretion to determine whether the willfulness finding warranted enhanced damages and the measure of enhancement.

In 1992, the United States Court of Appeals for the Federal Circuit enumerated factors for district courts to consider for enhancing damages after a willfulness finding.³⁸ The first three factors were identified by the Federal Circuit in *Bott v. Four Star Corp.* “for consideration in determining when an infringer ‘acted in such bad faith as to merit an increase in damages awarded against him.’”³⁹ In *Read*, the Federal Circuit held that the three factors are not all inclusive and listed six more factors to consider.⁴⁰ In total, the nine *Read* factors are:

1. whether the infringer deliberately copied;
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 during litigation;

32. *In re Seagate Tech., LLC*, 497 F.3d 1360, 1369 (Fed. Cir. 2007) (citing *Underwater Devices Inc. v. Morrison-Knudsen Co.*, 717 F.2d 1380, 1389–90 (Fed. Cir. 1983)).

33. *Id.* at 1371.

34. *Id.*

35. *Id.*

36. *Id.*

37. *Octane Fitness, LLC v. ICON Health & Fitness, Inc.*, 134 S. Ct. 1749, 1758 (2014).

38. *Read Corp. v. Portec, Inc.*, 970 F.2d 816, 826–27 (Fed. Cir. 1992).

39. *Id.* at 826 (quoting *Bott v. Four Star Corp.*, 807 F.2d 1567, 1572 (Fed. Cir. 1986)).

40. *Id.* at 827.

4. the infringer's size and financial condition;
5. the "closeness of the case";
6. the duration of the infringer's misconduct;
7. remedial action by the infringer;
8. the infringer's motivation for harm; and
9. whether the infringer "attempted to conceal its misconduct."⁴¹

The *Read* court held that "the above factors taken together assist the trial court in evaluating the degree of the infringer's culpability and in determining whether to exercise its discretion to award enhanced damages and how much the damages should be increased."⁴² Prior to *Halo*, the *Read* factors were a common consideration for guiding courts' discretion in enhancing damages so much so that, in a 2004 case, the Federal Circuit dubbed a district court's failure to discuss the *Read* factors to be a "harmless error" on the part of the district court.⁴³

However, the *Seagate* two-part test combined with the higher burden of proof was difficult for patentees to overcome. Many claims of willful infringement did not reach the jury because the patentee could not establish the first objective standard.⁴⁴ Because willfulness was difficult to establish, enhanced damages were also rare under this standard.⁴⁵ Patent expert Edward O'Connor stated they were "almost impossible to obtain."⁴⁶

B. The Supreme Court's *Halo* Opinion

The Supreme Court reevaluated the *Seagate* two-part test in *Halo Electronics, Inc. v. Pulse Electronics, Inc.*⁴⁷ There, the Court unanimously found that the *Seagate* test was "unduly rigid."⁴⁸ To make the test more lenient and punish willful infringers of a valid patent, the Court struck down the *Seagate* objective requirement.⁴⁹ The Court held that, instead, district courts have the discretion to award enhanced damages in "egregious cases typified by willful misconduct."⁵⁰

41. *Id.*

42. *Id.* at 828.

43. *Metabolite Labs., Inc. v. Lab. Corp. of Am. Holdings*, 370 F.3d 1354, 1371 (Fed. Cir. 2004).

44. Samuel Chase Means, *The Trouble with Treble Damages: Ditching Patent Law's Willful Infringement Doctrine and Enhanced Damages*, 2013 U. ILL. L. REV. 1999, 2020 (2013) (stating in this pre-*Halo* article that infringements are almost never found to be willful).

45. *Id.*

46. *Id.* at 1999–2000.

47. *Halo Elecs., Inc. v. Pulse Elecs., Inc.*, 136 S. Ct. 1923, 1928 (2016).

48. *Id.* at 1932.

49. *Id.*

50. *Id.* at 1934.

Egregious conduct that warrants enhanced damages can be conduct that is “willful, wanton, malicious, bad-faith, deliberate, consciously wrongful, flagrant, or—indeed—characteristic of a pirate.”⁵¹ Additionally, the Court held that “culpability is generally measured against the knowledge of the actor at the time of the challenged conduct.”⁵² This new vague standard gives greater flexibility to district courts in awarding enhanced damages.⁵³ But “discretion is not whim.”⁵⁴ District courts should consider the “particular circumstances of each case in deciding whether to award damages, and in what amount.”⁵⁵

The *Halo* Court also lowered the standard of proof for willful infringement.⁵⁶ The Court stated that the burden of proof in patent litigation is generally “a preponderance of the evidence.”⁵⁷ Enhanced damages are no exception to the rest of patent law, so they should not be governed by a heightened evidentiary burden.⁵⁸ In amending the burden of proof for enhanced damages to a lower “preponderance of the evidence” standard, the Court aimed to punish “the full range of culpable behavior.”⁵⁹ Many of the most serious offenders were not penalized under the *Seagate* standard because the high burden of proof and objective risk requirement were difficult for patentees to overcome.⁶⁰

In his concurrence, Justice Breyer stated that there are several limits to the award of enhanced damages that, if imposed, will allow for uniformity between courts.⁶¹ First, Justice Breyer clarified Chief Justice Roberts’ holding on willfulness.⁶² He emphasized that enhanced damages cannot be awarded simply because of a showing of willful conduct.⁶³ Instead, they are reserved “*only*” for egregious cases.⁶⁴ Next, Justice Breyer also explained that enhanced damages should not be used to compensate the patentee for

51. *Id.* at 1932.

52. *Id.* at 1933.

53. *See id.* at 1932 (stating that “district courts enjoy discretion in deciding whether to award enhanced damages, and in what amount”); *id.* at 1933–34 (stating that “[s]ection 284 permits district courts to exercise their discretion in a manner free from inelastic constraints of the *Seagate* test”).

54. *Id.* at 1931.

55. *Id.* at 1933.

56. *Id.* at 1927.

57. *Id.*

58. *Id.* at 1934.

59. *Id.* at 1926.

60. *Id.* at 1926–27.

61. *Id.* at 1936 (Breyer, J., concurring).

62. *Id.*

63. *Id.*

64. *Id.*

attorney fees or litigation costs.⁶⁵ He stated that the role enhanced damages have in achieving patent law's objective of promoting the sciences is "limited."⁶⁶ He noted that "in the context of enhanced damages, there are patent-related risks on both sides of the equation."⁶⁷ Therefore, this calls "not for abandonment of enhanced damages, but for their careful application, to ensure that they only target cases of egregious misconduct."⁶⁸

As evidenced above, the *Halo* test speaks to both the "willfulness" and the "enhancement" question. The *Read* factors only play a role in the "enhancement" inquiry. However, the *Halo* Court did not discuss the *Read* factors or explain how they relate to the new *Halo* test.⁶⁹ In fact, the Court did not provide any guidance on how district courts should use their discretion.⁷⁰ The Supreme Court simply stated that courts should consider the circumstances of each case in determining whether enhanced damages are warranted.⁷¹

C. Willfulness Infringement, Enhanced Damages, and the Read Factors After Halo

Halo rejected the *Seagate* two-part test for willful infringement and left the award of enhanced damages for willful infringement largely to the discretion of the district court. However, courts have continued to rely on the same *Read* factors that they used prior to *Seagate* and *Halo* to determine whether enhanced damages are warranted.⁷² Courts' reliance on the *Read* factors to aid in their discretionary decision-making is most likely because the *Halo* court was so vague and courts would like more clarity as to what conduct warrants enhanced damages.

Although the *Read* factors themselves have not changed over time,⁷³ *Halo*'s emphasis of the discretion of district courts did away with any re-

65. *Id.* at 1937.

66. *Id.*

67. *Id.* at 1938.

68. *Id.*

69. *See generally id.*

70. *Id.* at 1932–35.

71. *Id.* at 1933 (stating that "courts should continue to take into account the particular circumstances of each case in deciding whether to award damages, and in what amount"). *See also id.* at 1936 (Breyer, J., concurring) ("It is circumstanc[e] that transforms simple knowledge into such egregious behavior, and that makes all the difference.").

72. *See Read Corp. v. Portec, Inc.*, 970 F.2d 816, 826–27 (Fed. Cir. 1992) (introducing the nine factors). *See also* *PPC Broadband, Inc. v. Corning Optical Commc'ns RF, LLC*, No. 5:11-cv-761 (GLS/DEP), 2016 U.S. Dist. LEXIS 152450, at *15–16 (N.D.N.Y. Nov. 3, 2016) (continuing to rely on the *Read* factors).

73. The factors currently used by district courts are still the same nine factors that were introduced in *Read*.

quirement that the *Read* factors be used. In *Presidio Components, Inc. v. American Technical Ceramics Corp.*, the Federal Circuit held that district courts are “not required to discuss the *Read* factors.”⁷⁴ This is a far cry from the Federal Circuit’s pre-*Halo* approach to the *Read* factors when it stated that a district court’s failure to use the *Read* factors was a “harmless error.”⁷⁵ Thus, post-*Halo*, courts are not required to use the *Read* factors in their discretionary enhanced damages determination.

III. PROBLEMS WITH USING THE *READ* FACTORS AFTER *HALO*

Courts’ reliance on the *Read* factors for guidance can generally be beneficial. The factors help to make the enhanced damages inquiry more uniform and predictable.⁷⁶ This is important after *Halo* considering the vague willfulness test and the large sum of damages potentially at issue in patent cases.⁷⁷

Currently, however, various courts give different forms of deference and consideration to the *Read* factors. Many courts do not acknowledge the *Read* factors in their enhanced damages determination. In a sample of twenty-five district court cases decided after *Halo*,⁷⁸ only eleven addressed the *Read* factors.⁷⁹ Of those eleven, only one court refused to complete the *Read* factor analysis even when the plaintiff strongly urged it to do so.⁸⁰

A brief examination of post-*Halo* cases showed that courts’ use of the *Read* factors in their enhanced damages inquiry is problematic. First, there

74. 875 F.3d 1369, 1382 (Fed. Cir. 2017).

75. *Metabolite Labs., Inc. v. Lab. Corp. of Am. Holdings*, 370 F.3d 1354, 1371 (Fed. Cir. 2004) (“The district court’s failure to discuss the *Read* factors, although contrary to this court’s strong preference for the enumerated bases underlying its decision, in this case was at most harmless error.”).

76. *Halo* leaves enhanced damages completely to the trial court’s discretion. Thus, having a relevant set of factors to consider would lead to more uniform enhancement decisions among courts and it would allow parties and attorneys to better predict whether enhancement is a possibility and in what degree.

77. See McGrath & Kedrowski, *supra* note 11.

78. The sample was chosen on LexisNexis Advance. When the Supreme Court *Halo* opinion is Shepardized, this brings up a list of all the cases discussing *Halo*. This was a total of 156 cases as of September 22, 2017, the date the sample was selected. Of this 156, 137 were district court cases. I arranged the 156 results from most discussion to least discussion of *Halo* and used the first 30 cases for my sample. The total sample number went down to 25 after federal circuit court cases and duplicate cases were eliminated. Each case was only accounted for once, even if there was subsequent or prior history pertaining to the *Read* factors and enhanced damages on a particular case.

79. The eleven cases include the opinions that brought up the *Read* factors but did not engage in a full analysis of it.

80. See *Sociedad Espanola de Electromedicina y Calidad, S.A. v. Blue Ridge X-Ray Co.*, 226 F. Supp. 3d 520, 531–32 (W.D.N.C. 2016) (refusing to use the *Read* factors not because the factors were inconsistent with *Halo*, but because it relied on the great discretion given to courts by *Halo*).

is a divergence among courts on how to consider the *Read* factors in their enhanced damages inquiry. More specifically, a majority of courts tend to use the *Read* factors as an open-ended guidance, while some courts engage in a mechanical application of the *Read* factors in determining whether to enhance damages. Second, complete reliance on the *Read* factors may be inconsistent with *Halo*. *Halo* warned against a mathematical test for damages enhancement, and two of the *Read* factors, the “parties’ litigation conduct” and the “closeness of the case,” seem to be inconsistent with the teachings of the Supreme Court in *Halo*.

A. District Courts Use the *Read* Factors in Inconsistent Ways

Courts use the *Read* factors in different and inconsistent ways. Some courts use them in an open-ended manner to guide their discretion while others use them much like a mathematical formula. Of the eleven cases that discussed *Read*, the court in most of those cases claimed to use the *Read* factors only for “general guidance.”⁸¹

For instance, in *Idenix Pharmaceuticals LLC v. Gilead Sciences, Inc.*, the court stated that it would principally apply the *Read* factors in its enhanced damages determination.⁸² The court went through an analysis of each *Read* factor in detail.⁸³ Only two of the *Read* factors favored enhancement of damages: deliberate copying by the defendant and attempts by the defendant to conceal its misconduct.⁸⁴ Arguably, these two *Read* factors should hold more weight than the others because they seem like strong indicators of the willfulness of the defendant’s infringement.⁸⁵ The court held that the *Read* factors themselves did not favor a finding of enhanced damages.⁸⁶

81. Most of the opinions that discuss *Read* quote language stating the *Read* factors are only for general “guidance” and are not a “checklist.” See *Barry v. Medtronic, Inc.*, 250 F. Supp. 3d 107, 111 (E.D. Tex. 2017) (claiming to use the *Read* factors “to guide” its “analysis”); *Arctic Cat Inc. v. Bombardier Rec. Prods.*, 198 F. Supp. 3d 1343, 1350 (S.D. Fla. 2016) (claiming to use the *Read* factors “to assist in this discretionary determination”); *Dominion Res. Inc. v. Alstom Grid, Inc.*, No. 15-224, 2016 U.S. Dist. LEXIS 136728, at *60 (E.D. Pa. Oct. 3, 2016) (“[W]e continue to use the *Read* factors to aid our discretion . . . not as a formal checklist.”). See also *Finjan, Inc. v. Blue Coat Sys.*, No. 13-cv-03999-BLF, 2016 U.S. Dist. LEXIS 93267, at *48 (N.D. Cal. July 18, 2016) (stating that the *Read* factors are “one set of guidelines courts can use”).

82. 271 F. Supp. 3d 694, 697 (D. Del. 2017).

83. See *id.* at 699–703.

84. *Id.* at 703.

85. See *Imperium IP Holdings (Cayman), Ltd. v. Samsung Elecs. Co.*, 203 F. Supp. 3d 755, 763 (E.D. Tex. 2016) (“An award need not rest on any particular factor, and not all relevant factors need to weigh in favor of an enhanced award.”).

86. *Idenix*, 271 F. Supp. 3d at 703.

However, the *Idenix* court's analysis did not rest with the *Read* factors. The court discussed additional considerations after the *Read* analysis.⁸⁷ For instance, it considered the fact that the defendant had received "the largest damages verdict ever returned in a patent trial."⁸⁸ It also considered the policy reasons for awarding enhanced damages such as deterrence of patent infringement.⁸⁹ In addition to the *Read* factors, the court used its discretion to consider public interest as a factor.⁹⁰ The court noted that it did not wish to completely deter the defendant's conduct because they had made the plaintiff's product better and may have helped cure an illness.⁹¹

Courts in several other cases engaged in a similar analysis.⁹² Courts that use the *Read* factors for general guidance tend to consider the *Read* factors, either generally or in detail, but they also add to their *Read* factor discussion by evaluating the circumstances of the specific case before them and considering other reasons for enhancing damages.

Conversely, some district courts seem to be engaging in a mechanical application of the *Read* factors. Prior to their determination of whether to award enhanced damages, most courts tend to list rules derived from the Federal Circuit and *Halo*. Those rules include that the *Read* factors are meant to guide the district court;⁹³ the factors are non-exclusive;⁹⁴ the factors are not all weighed the same;⁹⁵ the factors are not to be used as a

87. *See id.* at 703–04.

88. *Id.* at 703 (emphasis omitted).

89. *Id.* at 704.

90. *Id.*

91. *Id.* at 703–04. This arguably is an acceptable inquiry for the court to make since the court has complete discretion of awarding enhanced damages.

92. *See Imperium IP Holdings (Cayman), Ltd. v. Samsung Elecs. Co.*, 203 F. Supp. 3d 755, 763–64 (E.D. Tex. 2016) (considering the *Read* factors then listing out conduct it found to be particularly egregious, such as testimony that the defendant sought the relevant technology and attempted to copy it); *Arctic Cat Inc. v. Bombardier Rec. Prods.*, 198 F. Supp. 3d 1343, 1350–54 (S.D. Fla. 2016) (discussing each of the *Read* factors in extensive detail then proceeding to support its reasons for trebling damages with commentary about the circumstances of the case and patent law goals of punishing the wanton infringer); *PPC Broadband, Inc. v. Corning Optical Commc'ns RF, LLC*, No. 5:11-cv-761 (GLS/DEP), 2016 U.S. Dist. LEXIS 152450, at *15–27 (N.D.N.Y. Nov. 3, 2016) (finding that all of the *Read* factors favored enhancement but holding that this case this was "not a polar case" at "the most egregious end of the spectrum" and using its discretion to enhance damages by two times instead of the maximum three).

93. *See cases cited supra* note 81 and accompanying text.

94. *Barry v. Medtronic, Inc.*, 250 F. Supp. 3d 107, 112 (E.D. Tex. 2017) ("These factors provide useful guideposts in the court's exercise of discretion but are not binding or exhaustive."); *Arctic Cat*, 198 F. Supp. 3d at 1350 ("[T]he Federal Circuit provided a list of nonexclusive factors."); *Imperium IP Holdings*, 203 F. Supp. 3d at 763 ("[T]he non-exclusive factors the Federal Circuit has previously provided.")

95. *See Imperium IP Holdings*, 203 F. Supp. 3d at 763 (stating that "[a]n award need not rest on any particular factor, and not all relevant factors need to weigh in favor of an enhanced award").

checklist;⁹⁶ ultimately the decision to enhance damages rests with the district court judge;⁹⁷ and the touchstone of enhanced damages is egregious conduct.⁹⁸

Nevertheless, during the actual analysis of the *Read* factors, even courts that claim to use the factors merely for guidance seem to be applying them mechanically and much like a checklist. For instance, in *Finjan, Inc. v. Blue Coat Systems*, the court said,

the *Read* factors are now one set of guidelines courts can use to evaluate alleged misconduct, but are no longer the sole set of criteria. This Court finds the *Read* factors present useful guideposts in determining the egregious [*sic*] of the defendant's conduct, and will assess Blue Coat's conduct through those factors.⁹⁹

However, the court went through the factors one by one and did not evaluate any circumstances, events, or considerations outside of the *Read* factors.¹⁰⁰ As a result, the court held that the *Read* factors did not support egregious conduct to warrant enhanced damages.¹⁰¹

Likewise, in *Dominion Resources Inc. v. Alstom Grid, Inc.*, the court stated that it was using the *Read* factors for guidance and not as a checklist.¹⁰² However, the court went through each factor in detail.¹⁰³ It held that two of the nine factors, closeness of the case and behavior as a party to litigation, did not favor enhancement.¹⁰⁴ Because two factors favored the defendant, the court only enhanced damages by two times instead of the

96. See *Dominion Res. Inc. v. Alstom Grid, Inc.*, No. 15-224, 2016 U.S. Dist. LEXIS 136728, at *60 (E.D. Pa. Oct. 3, 2016) (“We use the *Read* factors, not as a formal checklist . . .”). See also *Finjan, Inc. v. Blue Coat Sys.*, No. 13-cv-03999-BLF, 2016 U.S. Dist. LEXIS 93267, at *44 (N.D. Cal. July 18, 2016) (“[T]here is no precise rule or formula for making these determinations.”).

97. See *Imperium IP Holdings*, 203 F. Supp. 3d at 761 (“It commits the determination whether enhanced damages are appropriate to the discretion of the district court.”); *Idenix Pharms. LLC v. Gilead Scis., Inc.*, 271 F. Supp. 3d 694, 697 (D. Del. 2017) (“[D]istrict courts enjoy discretion in deciding whether to award enhanced damages.”); *Dominion Res.*, 2016 U.S. Dist. LEXIS 136728, at *56 (stating that courts should engage in “discretionary review with an ‘emphasis on egregiousness’”); *Finjan*, 2016 U.S. Dist. LEXIS 93267, at *44–45 (stating that courts should exercise “equitable discretion”).

98. *Barry*, 250 F. Supp. 3d at 112 (stating that “an analysis focused on egregious infringement behavior is the touchstone for determining an award of enhanced damages”); *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) (stating that “the touchstone for awarding enhanced damages after *Halo* is egregiousness”).

99. 2016 U.S. Dist. LEXIS 93267, at *48 (N.D. Cal. July 18, 2016).

100. *Id.* at *48–53.

101. *Id.* at *53.

102. 2016 U.S. Dist. LEXIS 136728, at *60–61.

103. *Id.* at *61–71.

104. *Id.*

maximum three.¹⁰⁵ Thus, the court seemed to be applying the *Read* factors in a mathematical and rigid way.

It seems that even where a court states that the *Read* factors are only being used as general guidance, this can lead to a mechanical and rigid application of the factors. Where all factors do not favor enhancement, some courts use this as an indication that an enhancement of damages should be decreased from treble to a lower amount even though the factors are not all inclusive and do not all have equal weight and importance.¹⁰⁶

B. Courts' use of the Read Factors May be Inconsistent with Halo

The *Read* factors list various types of conduct courts can consider in determining whether to enhance damages and to what extent.¹⁰⁷ Most of the factors are relevant to the courts' determination of whether there has been willful infringement that warrants enhancement, even post-*Halo*.¹⁰⁸ However, a complete and rigid application of the *Read* factors is inconsistent with *Halo*. First, the Supreme Court clearly rejected a mechanical and mathematical approach to enhancement. Second, *Read* Factor Three is inconsistent with *Halo* because it requires courts to analyze conduct after the infringement has occurred. Finally, *Read* Factor Five is problematic because it essentially brings back the objective analysis that the *Halo* Court rejected.

1. *Halo* Rejected a Mathematical Approach to Enhanced Damages

As the Federal Circuit clarified in *Presidio*, the *Read* factors are not mandatory in any way,¹⁰⁹ but they seem to be the only resource that courts have to aid in their discretion to enhance damages after a willfulness finding. The use of the *Read* factors becomes problematic when courts that rely on the *Read* factors use them mechanically instead of as a general tool of guidance. A mechanical application of the *Read* factors is inconsistent with the discretion given to district courts in *Halo*. In *Halo*, the Supreme Court cautioned that “there is no precise rule or formula” for determining when

105. *Id.* at *60.

106. *See, e.g., id.*

107. *Read Corp. v. Portec, Inc.*, 970 F.2d 816, 828 (Fed. Cir. 1992).

108. For instance, Factor One, whether the infringer deliberately copied, would be a high indication of egregious conduct showing willful infringement. Likewise, an infringer's examination of the patent and reasonable belief that it was invalid would also be a relevant inquiry to enhanced damages for willfulness.

109. *Presidio Components, Inc. v. Am. Tech. Ceramics Corp.*, 875 F.3d 1369, 1382 (Fed. Cir. 2017).

enhanced damages are warranted.¹¹⁰ However, as shown in Section II.A of this note, courts that rely on the *Read* factors tend to use the nine factors exclusively. Further, courts' use of the *Read* factors often resembles a precise rule or formula. If the nine factors are not unanimous, this is often taken as an indicator to decrease the enhancement award.

Dominion Resources is particularly telling of this problem. There, the court reviewed each of the *Read* factors and did not look outside the *Read* factors in determining whether to enhance damages.¹¹¹ After its analysis of the *Read* factors, the court held, "[w]e do not find Alston's [*sic*] conduct so egregious to warrant treble damages under § 284 because two *Read* factors, closeness of the case and behavior as a party to litigation, weigh in Alston's favor."¹¹² This sort of mechanical application of the *Read* factors is the exact "rigid formula" the Court in *Halo* warned against.

Cases such as *Dominion Resources* have essentially turned the *Read* factors into a checklist. Courts rely upon the fact that most of the factors weigh in favor of enhancement to award enhanced damages. Where one or more factors weigh in favor of the infringer, this is often used as an indicator to decrease the enhancement to an amount lower than the maximum treble damages.¹¹³

The "general guidance" approach to the *Read* factors is more appropriate. Courts that follow this approach consider the *Read* factors for general guidance but consider other information and circumstances as well. Under this approach, courts ultimately use their discretion to determine whether and how much to enhance damages. This sort of analysis is encouraged by *Halo* because *Halo* entrusted district courts to properly use their discretion to enhance damages in egregious cases of willful conduct.

2. Factor Three, the Infringer's Behavior as a Party During Litigation, is Inconsistent with *Halo*

In *Halo*, the Supreme Court suggested that the willfulness inquiry is about primary willfulness of the patent infringer.¹¹⁴ The Court noted that "culpability is generally measured against the knowledge of the actor at the time of the challenged conduct."¹¹⁵ The *Seagate* standard was problematic

110. *Halo Elecs., Inc. v. Pulse Elecs., Inc.*, 136 S. Ct. 1923, 1932 (2016).

111. 2016 U.S. Dist. LEXIS 136728, at *61–71.

112. *Id.* at *60.

113. *See id.*

114. 136 S. Ct. at 1933 ("But culpability is generally measured against the knowledge of the actor at the time of the challenged conduct.").

115. *Id.*

because it allowed infringers to claim a defense at trial, and according to the Supreme Court, the “existence of such a defense insulates the infringer from enhanced damages, even if he did not act on the basis of the defense or was even aware of it.”¹¹⁶

The *Halo* Court suggested that willfulness is generally a question of pre-litigation conduct at the time of the alleged infringement.¹¹⁷ The third *Read* factor, however, tells courts to consider “the infringer’s behavior as a party to the litigation.”¹¹⁸ Litigation misconduct includes “discovery abuses, failure to obey orders of the court, or acts that unnecessarily prolong litigation.”¹¹⁹ The parties’ conduct during trial, such as failing to obey orders of a court or prolonging litigation, cannot be determinative of the willfulness of their infringement. The *Halo* Court stated, “[a]wards of enhanced damages under the Patent Act over the past 180 years establish that they are not to be meted out in a typical infringement case, but are instead designed as a punitive or vindictive sanction for egregious infringement behavior.”¹²⁰ Litigation conduct cannot be held to be the same as egregious infringement behavior. Litigation conduct is not limited to cases of the most egregious types of infringement but often occurs in ordinary infringement cases. Therefore, *Read* Factor Three does not seem to be in accordance with *Halo*’s requirements for enhanced damages.

In *Barry*, the district court seemed to comment on the third factor’s inconsistency with *Halo*.¹²¹ The court stated that “*Halo*’s focus on culpability ‘at the time of the challenged conduct’ for enhanced damages reiterates that enhanced damages are punitive damages awarded to penalize willful infringement versus general litigation misconduct.”¹²² Furthermore, the court held, “[e]nhancement analysis is not an opportunity for this court to penalize a zealous trial team that engaged in hard-fought battles but ultimately lost the war. Neither party here refrained from delivering hard blows or from attempts to hide the ball.”¹²³ Whereupon the court held that the third factor did not support enhancement.¹²⁴

116. *Id.*

117. *Id.* at 1932 (stating that enhanced damages are “designed as a ‘punitive’ or ‘vindictive’ sanction for egregious infringement behavior”); *id.* at 1933 (“But culpability is generally measured against the knowledge of the actor at the time of the challenged conduct.”).

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

119. *Dominion Res. Inc. v. Alstom Grid, Inc.*, No. 15-224, 2016 U.S. Dist. LEXIS 136728, at *64 (E.D. Pa. Oct. 3, 2016).

120. 136 S. Ct. at 1932.

121. *See Barry v. Medtronic, Inc.*, 250 F. Supp. 3d 107, 117–18 (E.D. Tex. 2017).

122. *Id.* at 121 (quoting *Halo*, 136 S. Ct. at 1933).

123. *Id.* at 117.

124. *Id.* at 118.

Additionally, in *Arctic Cat v. Bombardier Recreational Products*, the district court noted the oddity of relying on the third factor. In that case, the *Read* factors largely favored enhancement of damages.¹²⁵ Only the third factor, the parties' conduct during litigation, was neutral.¹²⁶ The court held that although this factor favors no enhancement, "an argument that no enhancement is warranted based on Factor Three alone—particularly, as it concerns conduct during the litigation, rather than during the period of underlying infringement—is entirely unconvincing."¹²⁷ The court recognized that for enhanced damages the conduct of the party during the period of infringement is far more important.¹²⁸

However, in some district court cases, the third factor was the largest consideration for enhancing damages. For instance, in *Imperium IP Holdings v. Samsung Electronics*, much of the court's analysis of enhanced damages focused on the third *Read* factor.¹²⁹ The court strongly considered litigation conduct such as material misrepresentations under oath and failure to produce documents.¹³⁰ The court seemed to be using enhanced damages to sanction the party for its litigation conduct.¹³¹ As a result, the party's damages were enhanced to the maximum amount for treble damages, from \$6,970,380.50 to \$20,911,141.50.¹³²

To some extent, a party's litigation conduct may shine light on willfulness during infringement, but litigation conduct cannot be a determinative indicator of the party's willfulness during the infringement. The willfulness inquiry must remain focused on the time of infringement to comply with *Halo* and the goals of patent law.

3. Factor Five, the Closeness of the Case, is Inconsistent with *Halo*

Perhaps the biggest change the *Halo* Court made was getting rid of the objective prong of the *Seagate* test that required courts to evaluate whether the infringer acted despite an objectively high likelihood of infringement.¹³³ The Supreme Court held that willfulness should involve a less rigid test to

125. *Arctic Cat Inc. v. Bombardier Rec. Prods.*, 198 F. Supp. 3d 1343, 1354 (S.D. Fla. 2016).

126. *Id.*

127. *Id.*

128. *See id.*

129. *Imperium IP Holdings (Cayman), Ltd. v. Samsung Elecs. Co.*, 203 F. Supp. 3d 755, 763–64 (E.D. Tex. 2016).

130. *Id.* at 764.

131. *See id.*

132. *Id.*

133. *Halo Elecs., Inc. v. Pulse Elecs., Inc.*, 136 S. Ct. 1923, 1932 (2016).

better punish egregious conduct and deter patent infringement.¹³⁴ One of the Supreme Court's biggest criticisms of the *Seagate* test was that it makes "dispositive the ability of the infringer to muster a reasonable defense at trial, even if he did not act on the basis of that defense or was even aware of it."¹³⁵

The Supreme Court in *Halo* attempted to increase the possibility of getting enhanced damages by making the willfulness test less rigid.¹³⁶ The *Halo* Court stressed that the *Seagate* willful infringement test was too rigid, and opted to make the test more lenient with the "egregious conduct" standard.¹³⁷ One of the ways the *Halo* Court did this is by getting rid of the objective prong of the *Seagate* test.¹³⁸ The Supreme Court also lowered the standard of proof to a "preponderance of the evidence" standard which was easier for patentees to prove.¹³⁹ In making these changes, the Court was attempting to increase the incidence of district courts awarding enhanced damages.¹⁴⁰ The court reasoned that an increased risk of enhanced damages might hinder patent infringement and better serve the goals of patent law.¹⁴¹

However, in what seems like a protest of *Halo* striking down its *Seagate* test, the Federal Circuit held in *WesternGeco* that "the objective reasonableness of the accused infringer's positions can still be relevant for the district court to consider when exercising its discretion."¹⁴² This "objective reasonableness" analysis largely comes into play in *Read Factor Five*.

Read Factor Five is a question of how close the willfulness finding was by the evidence presented.¹⁴³ This factor directs courts to inquire as to the closeness of the willfulness finding by the jury and determine whether the defendant's invalidity positions are reasonable.¹⁴⁴ This essentially asks courts to determine whether the actions of the infringer meet an objective

134. *Id.* at 1926–27.

135. *Id.* at 1926.

136. *Id.*

137. *Id.* at 1926–27.

138. *Id.* at 1932–33.

139. *Id.* at 1934.

140. *Id.* at 1926 ("By requiring an objective recklessness finding in every case, the *Seagate* test excludes from discretionary punishment many of the most culpable offenders.")

141. *Id.* at 1932–33 ("[The *Seagate* test] is unduly rigid, and it impermissibly encumbers the statutory grant of discretion to district courts. In particular, it can have the effect of insulating some of the worst patent infringers from any liability for enhanced damages.")

142. *WesternGeco L.L.C. v. ION Geophysical Corp.*, 837 F.3d 1358, 1363 (Fed. Cir. 2016).

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

144. *See Barry v. Medtronic, Inc.*, 250 F. Supp. 3d 107, 118 (E.D. Tex. 2017).

standard of willfulness, which the *Halo* Court explicitly rejected.¹⁴⁵ If there is objective willfulness, the case is not considered “close,” so Factor Five would weigh in favor of the patentee. If the court finds that there is no objective willfulness, the case is considered close and Factor Five weighs in favor of the defendant.

In *Barry*, the court strongly considered the closeness of the case.¹⁴⁶ In doing so, the court looked to whether the invalidity defenses set forth by the defendant were reasonable.¹⁴⁷ The court went on to defend its analysis of the objective willfulness of the infringer by quoting *WesternGeco* where the Federal Circuit held that courts can consider objective reasonableness of infringement to aid in its discretion.¹⁴⁸ Perhaps this was prompted by the court’s realization that a consideration of the “closeness of the case” seems inconsistent with *Halo*’s explicit overruling of the objective prong in *Seagate*.

The “closeness of the case” inquiry takes the objective prong of the *Seagate* test and considers it during the discretionary phase of an enhanced damages inquiry. Asking the “objectiveness” question after the subjective willfulness determination has been made by the jury essentially makes the *Halo* holding insignificant. Considering objectiveness during the discretionary step of an enhanced damages finding presents a rigid standard that the *Halo* Court opposed.¹⁴⁹ Thus, the “closeness of the case” factor is inconsistent with *Halo* because it brings back the objectiveness inquiry that *Halo* overruled and it makes the enhanced damages inquiry “rigid” like it was during the *Seagate* era.

4. Summary

There are at least three problems with using the *Read* factors after *Halo*: the *Halo* Court rejected a mathematical approach; Factor 3, the parties litigation behavior is inconsistent with *Halo*; and Factor 5, the closeness of the case, is inconsistent with *Halo*. The mechanical application of any set of factors that are used to enhance damages is even more problematic if the individual factors themselves are inconsistent with *Halo*. As applied by courts, all three of the inconsistencies of using the *Read* factors can be found in one example of an enhanced damages inquiry. The court in *Do-*

145. *Halo*, 136 S. Ct. at 1926 (“The *Seagate* test further errs by making dispositive the ability of the infringer to muster a reasonable defense at trial, even if he did not act on the basis of that defense or was even aware of it.”).

146. *See* 250 F. Supp. 3d at 118.

147. *See id.*

148. *Id.*

149. *Halo*, 136 S. Ct. at 1934.

minion Resources, in its mechanical application of the *Read* factors, refused to award treble damages because of the two factors that seem most inconsistent with *Halo*: the infringer's behavior as a party to litigation and the closeness of the case.¹⁵⁰

Courts that consider the "closeness of a case" are improperly analyzing the objective reasonableness of the party's behavior. A mechanical approach to the *Read* factors also unfairly increases or lowers enhancement because a party has either good or bad behavior during litigation. A party's litigation behavior should not effect a finding of enhanced damages because litigation behavior does not relate to the willfulness of infringement.

IV. THE BEST APPROACH TO ANALYZING ENHANCED DAMAGES

Elimination of the *Read* factors completely would not be a proper remedy to the problem of properly determining when to apply enhanced damages. These factors can be a helpful tool in aiding the discretion of district courts. Judges need more than *Halo*'s broad standard of "egregious conduct" and wide discretionary power to determine whether enhanced damages are warranted or not. Additionally, from a litigant's perspective, both parties to a patent suit benefit from some indicators of whether an infringer's actions warrant enhanced damages to best evaluate their litigation choices.

For courts that continue to use the *Read* factors after *Halo*, the best approach to utilize would be to harmonize the *Read* factors with *Halo*'s teachings. Therefore, courts should no longer use and discuss *Read* Factors Three and Five in their enhanced damages inquiry. Courts may consider (1) whether the infringer deliberately copied; (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 size and financial condition; (4) the duration of the infringer's misconduct; (5) remedial action by the infringer; (6) the infringer's motivation for harm; and (7) whether the infringer "attempted to conceal its misconduct."¹⁵¹

The seven factors listed above all seem consistent with *Halo*'s teachings. They all pertain to the infringer's conduct and behavior during the period of infringement. *Read* Factor Three goes against the Supreme

150. *Dominion Res. Inc. v. Alstom Grid, Inc.*, No. 15-224, 2016 U.S. Dist. LEXIS 136728, at *60-71 (E.D. Pa. Oct. 3, 2016).

151. *Read Corp. v. Portec, Inc.*, 970 F.2d 816, 826-27 (Fed. Cir. 1992).

Court's holding that enhanced damages are warranted for egregious acts of willful infringement conduct. Litigation behavior occurs after the infringement has occurred and is not a proper factor to consider in determining damages for infringement behavior. Punishing infringers for their conduct during litigation by awarding enhanced damages may help fulfill patent law's goal of deterring infringement. However, considering litigation behavior for enhanced damages may hinder parties from litigating in the first place. Parties that do choose to litigate must be wary of all litigation behavior as it may potentially affect an enhanced damages analysis. This is hardly a favorable outcome in patent law. Furthermore, Section 285 of the Patent Act, which provides for attorney fees,¹⁵² already provides a remedy to parties for litigation misconduct.¹⁵³ Thus, Section 285, and not the enhanced damages inquiry, is more directly suited to righting the wrong of litigation misconduct.

Additionally, none of the seven factors above seem to attempt to incorporate an objective reasonableness analysis. Courts should discontinue use of *Read* Factor Five because it goes against *Halo*'s clear rejection of a rigid willfulness test that involves an objective reasonableness determination. The Federal Circuit was erroneous in concluding that courts may consider "objective reasonableness" in aiding their discretion in an enhanced damages inquiry. Under *Seagate*, the patentee had to first prove the objective prong that the infringer acted despite an objectively high risk of infringement. The patentee then needed to prove that the infringer subjectively knew or should have known of the objective risk. Allowing courts to consider objective reasonableness at the enhanced damages stage would simply flip the *Seagate* test. The objective prong is still considered, just at another step. *Halo* aimed to increase the occurrence of awarding enhanced damages.¹⁵⁴ Thus, a factor that requires courts to consider "objective reasonableness," which may decrease the awarding of enhanced damages, is clearly contradictory to the Supreme Court's holding in *Halo*.

However, even where a court chooses to use the remaining seven *Read* factors, it should not use them like a checklist or mathematical formula. The factors are general tools for guidance, not a formal checklist. To

152. 35 U.S.C. § 285 (2012) ("The court in exceptional cases may award reasonable attorney fees to the prevailing party.").

153. *Octane Fitness LLC v. ICON Health & Fitness, Inc.*, 134 S. Ct. 1759, 1756 (2014) (stating that the Federal Circuit allows attorney fee awards for litigation misconduct).

154. *Halo*, 136 S. Ct. at 1932 ("The principal problem with *Seagate*'s two-part test is that it requires a finding of objective recklessness in every case before district courts may award enhanced damages. Such a threshold requirement excludes from discretionary punishment many of the most culpable offenders.").

avoid a mechanical application, an enhanced damages analysis should not focus solely on the *Read* factors but should consider the general circumstances of the case and other relevant information as well. Thus, after the court has completed its analysis of the seven *Read* factors above, the court should also comment on additional reasons outside of the factors to support its decision. Such factors can include, but are not limited to, policy reasons for enhancement in the specific case or anything that the court found to particularly depict “egregious conduct” or non-egregious conduct.

CONCLUSION

The risk of enhanced damages can strike fear into the hearts of patent infringing parties and rightfully so.¹⁵⁵ District courts have discretion in determining whether to enhance damages or not and by what amount. Some courts have been turning to the *Read* factors to aid in their discretion. However, use of the *Read* factors is not always consistent with the Supreme Court’s *Halo* decision. Courts that use the *Read* factors can fall into the trap of applying them mechanically and much like a mathematical formula. Additionally, the third *Read* factor, the infringer’s litigation conduct, and the fifth *Read* factor, the “closeness of the case” are inconsistent with *Halo*’s teachings. Thus, the best approach to the discretionary enhanced damages question is for courts that would like some guidance on using the *Read* factors, with the exclusion of Factors Three and Five. However, the factors should only be used as guidance and not like a checklist or mathematical formula.

155. See McGrath & Kedrowski, *supra* note 11.