



Best Practices in Proving Specific Intent and Malice. What Can Civil and Criminal Litigators Learn from One Another?

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INTRODUCTION

Criminal intent, *mens rea*, is an element of almost all crimes. Conspiracy, for instance, requires proof of an agreement and proof that the object of the agreement, the intent, was to commit a crime. In the civil context, likewise, specific intent or bad faith is a required element of many torts and statutory violations. For example, to prove “induced” patent infringement, plaintiffs must show both that defendants knew of the patent and that they intended to cause another to infringe.

Proving intent in either the civil or criminal context is inherently difficult. The attorney must attempt to prove (or disprove) what was going on in a person’s (or corporation’s) mind when performing an action or course of conduct. In a few cases, the person or entity admits its

intention in a deposition, document, or discovery response. This is rare. But what about the much more difficult and common scenario of proving intent through circumstantial evidence. Criminal prosecutors have the daunting task of proving intent beyond a reasonable doubt. Civil litigators need only meet a lower, but still difficult, standard of clear and convincing evidence or preponderance of the evidence. Why don't the criminal and civil litigators compare notes on how best to prove up intent? At the 2014 ABA Section of Litigation Annual Conference, a panel of expert litigators and a judge will use a series of real-world examples to explain how best to present intent evidence to the fact finder, touching on the applicable rules of evidence, discovery strategy, and trial strategy. This article provides valuable background information in preparation for that discussion.

DEFINITIONS OF INTENT

Basic intent versus specific intent. The term *specific intent* is commonly used to designate a special state of mind that is required, along with a physical act, to constitute certain crimes or torts. Specific intent is usually interpreted to mean intentionally or knowingly. Common-law larceny, for example, requires both the physical act of taking and carrying away the property of another and the mental element of specific intent to steal the property. Similarly, common-law burglary requires breaking and entering into the dwelling of another with a specific intent to commit a felony therein. General-intent crimes, on the other hand, require only a showing that the defendant intended to do the act prohibited by law, not that the defendant intended the precise harm or the precise result that occurred.

The Connecticut Jury Instructions distinguish between general and specific intent as follows:

Intent relates to the condition of mind of the person who commits the act, his or her purpose in doing it. The law recognizes two types of intent, general intent and specific intent.

General intent

General intent is the intent to engage in conduct. Thus, in this case, it is not necessary for the state to prove that the defendant intended the precise harm or

the precise result which eventuated. Rather, the state is required to prove that the defendant intentionally and not inadvertently or accidentally engaged in (his/her) actions. In other words, the state must prove that the defendant's actions were intentional, voluntary and knowing rather than unintentional, involuntary and unknowing.

Specific intent

Specific intent is the intent to achieve a specific result. A person acts "intentionally" with respect to a result when (his/her) conscious objective is to cause such result. What the defendant intended is a question of fact for you to determine.

"General" and "specific" are not the exclusive terms used to characterize intent. For example, rather than using the terms "general" and "specific," the Model Penal Code describes a spectrum of culpability from "Purposely" to "Negligently":

Model Penal Code § 2.02. General Requirements of Culpability.

(1) Minimum Requirements of Culpability. Except as provided in Section 2.05, a person is not guilty of an offense unless he acted purposely, knowingly, recklessly or negligently, as the law may require, with respect to each material element of the offense.

(2) Kinds of Culpability Defined

(a) Purposely.

A person acts purposely with respect to a material element of an offense when:

(i) if the element involves the nature of his conduct or a result thereof, it is his conscious object to engage in conduct of that nature or to cause such a result; and

(ii) if the element involves the attendant circumstances, he is aware of the existence of such circumstances or he believes or hopes that they exist.

(b) Knowingly.

A person acts knowingly with respect to a material element of an offense when:

(i) if the element involves the nature of his conduct or the attendant circumstances, he is aware that his conduct is of that nature or that such circumstances exist; and

(ii) if the element involves a result of his conduct, he is aware that it is practically certain that his conduct will cause such a result.

(c) Recklessly.

A person acts recklessly with respect to a material element of an offense when he consciously disregards a substantial and unjustifiable risk that the material element exists or will result from his conduct. The risk must be of such a nature and degree that, considering the nature and purpose of the actor's conduct and the circumstances known to him, its disregard involves a gross deviation from the standard of conduct that a law-abiding person would observe in the actor's situation.

(d) Negligently.

A person acts negligently with respect to a material element of an offense when he should be aware of a substantial and unjustifiable risk that the material element exists or will result from his conduct. The risk must be of such a nature and degree that the actor's failure to perceive it, considering the nature and purpose of his conduct and the circumstances known to him, involves a gross deviation from the standard of care that a reasonable person would observe in the actor's situation.

EXAMPLES OF CRIMES AND CIVIL OFFENSES REQUIRING PROOF OF SPECIFIC INTENT

The table below gives examples of crimes and torts requiring proof of specific intent:

Crimes

Solicitation	Intent to have the person solicited commit the crime
Conspiracy	Intent to have crime completed
Attempt	Intent to complete crime
Assault	Intent to commit a battery
Larceny and Robbery	Intent to permanently deprive another of his/her interest in property
Burglary	Intent to a commit a felony in the dwelling
Forgery	Intent to defraud
Tax Evasion	Intent to violate the tax laws

Torts

Conversion	Intent to exercise dominion and control over another's property
Trespass to Land	Intentional interference with land of another
Inducing Patent or Copyright Infringement	Intent to cause another to infringe
Fraud on the Patent Office/Inequitable Conduct	Intent to deceive the Patent and Trademark Office

Proof of intent also is needed in the probate context. For example, Arizona Revised Statute (A.R.S.) § 14-1102(B)(2) provides that the underlying purposes and policies of the

Arizona Probate Code are to discover and make effective the **intent** of a decedent in the distribution of her/his property. And in the context of trusts, Arizona Trust Code, A.R.S. § 14-10415, provides that the court may reform the terms of a trust, even if unambiguous, to conform the terms to the settlor's **intention** if it is proved by clear and convincing evidence that both the settlor's **intent** and the terms of the trust were affected by a mistake of fact or law, whether in expression or inducement.

TYPES OF EVIDENCE OF INTENT

Knowing that intent is a critical element in many crimes and torts and that intent is inherently difficult to prove, the next logical question is how to prove it? Evidence of intent comes in two varieties—direct and circumstantial. Direct evidence of intent (for example, an admission from the accused or admission from a party-opponent) is very rare. In the vast majority of cases, litigants must attempt to prove intent by inference through circumstantial evidence.

Proving intent is usually a matter of piecing together different tidbits of evidence, such as e-mails, internal memorandums, public statements and the recollection of participants who attended meetings. Other sources of proof frequently include undercover officers, bugs, telephone call logs, text messages, emails, and evidence of other crimes (*see* FRE 404(b)). In criminal cases where the defendant claims impairment, expert testimony is sometimes admitted to show whether or not the defendant had the ability to form specific intent. In civil cases, it is important in formal discovery to request documents and ask questions targeted to elicit these types of evidence. Formal discovery is not available in criminal cases. So criminal litigators have become adept at locating facts and witnesses through informal discovery techniques.

An oft-challenged type of circumstantial evidence used to prove intent is character evidence. Generally, circumstantial use of character evidence is not allowed. That is, evidence of crimes, wrongs, and other acts is not admissible to infer that conduct on a particular occasion was in conformity with the past conduct. But Federal Rule of Evidence 404(b)(2) provides an

exception: “This evidence [crimes, wrongs, or other acts] may be admissible for another purpose [other than to prove a person’s character to show that on a particular occasion the person acted in accordance with the character], such as proving motive, opportunity, **intent**, preparation, plan, knowledge, identity, absence of mistake, or lack of accident.” (emphasis added). This provision applies in both criminal and civil cases. See Comments to 2006 Amendments to Rule 404.

Remember that while Rule 404(b)(2) may not exclude evidence, Rule 403 balancing of whether undue prejudice outweighs probative value still must occur and could preclude admissibility.

Proving Intent of an Executive Can Be Difficult

Proving knowledge and intent of an executive can be very difficult. A prime example is the situation from *U.S. v. Goyal*, 629 F.3d 912 (9th Cir. 2010). Mr. Goyal was CFO of a major software company. He was convicted of securities fraud and willfully misleading auditors over a questionable accounting practice called “sell-in” accounting. “Sell-in” accounting recognizes revenue earlier than more conventional “sell-through” accounting. Goyal appealed to the Ninth Circuit. The Ninth Circuit reversed and acquitted Goyal on all counts.

The counts levied against Goyal included “Lying-to-Auditors” counts. These counts required the government to prove Goyal “voluntarily made statements to PwC [the auditors] that he **knew** were false.” *Goyal*, 629 F.3d at 916 (emphasis added). The counts were based on Goyal’s alleged knowledge of GAAP violations and failure to disclose sales terms to the auditors.

The appeals court found sufficient evidence from which a juror could conclude that GAAP violations occurred and that Goyal made false statements to the auditors about sales terms. But the appeals court reversed because of the government’s “failure to offer any evidence supporting even an inference of willful and knowing deception.” *Id.* at 919.

In its failed attempt to sustain the verdict, the Government pointed to evidence it argued supported an inference of knowledge and bad intent:

1. Goyal's desire to meet revenue targets
2. Goyal's knowledge of GAAP
3. That Goyal's compensation was linked to his company's financial success
4. Knowledge of problems by others in company

Id.

The appeals court found this evidence insufficient. As to Goyal's desire to meet revenue targets and financial incentives, the court found this was merely evidence of Goyal wanting to do a diligent job and not "inherently probative of fraud." *Id.* His knowledge of GAAP was not probative of intent because simply knowing accounting rules does not establish scienter. *Id.* Finally, the knowledge of others about accounting irregularities was not imputable to Goyal, and was found to be irrelevant in any event. *Id.*

This decision exemplifies the difficulty in inferring intent without a "smoking gun," particularly in the criminal context. A concurring opinion by Chief Judge Kozinski chastised the government for bringing the charges when prosecutors knew that they would "have to stretch the law or the evidence to secure a conviction." *Id.* at 922. Judge Kozinski counseled that civil law, not criminal, "often covers conduct that falls in a gray area of arguable legality." *Id.*

What evidence would the prosecutors have needed to convict Goyal? Possibilities include the following:

1. emails showing his knowledge of GAAP problems
2. specific testimony from others at company showing Goyal's knowledge of issues and knowledge that issues violated GAAP

PROVING SPECIFIC INTENT TO CAUSE PATENT INFRINGEMENT RECENTLY BECAME MORE DIFFICULT

Specific intent has taken on a much more important role in patent litigation based on several recent decisions on indirect—rather than direct—patent infringement. Direct patent infringement occurs when one entity infringes at least one claim of a patent. Direct patent

infringement is a strict liability offense—the intent of the infringer is irrelevant. That is, there is no requirement that the infringer know of the allegedly infringed patent.¹

Indirect patent infringement, as opposed to direct infringement, comes in two varieties: inducing infringement and contributing to infringement. 35 U.S.C. §§ 271(b) and (c). For both inducement and contributory infringement, the specific intent of the alleged infringer must be shown. *Bose Corp. v. SDI Technologies, Inc.*, 2012 WL 2862057, at *9 (D. Mass. July 10, 2012). For inducement, the accused infringer must not only know of the patent but also must know that the action(s) it is inducing in others constitutes patent infringement. This high standard is difficult to meet.

This standard has been the subject of several recent decisions, the most notable of which was the U.S. Supreme Court decision in *Global-Tech Appliances, Inc. v. SEB S.A.*, 131 S.Ct. 2060 (2011).

Global-Tech set forth the legal standard for inducing infringement of a patent under 35 U.S.C. § 271(b), the inducement statute. By an 8-1 vote, the Court held that liability under § 271(b) requires specific intent—i.e., the accused inducer must have knowledge that the induced acts constitute patent infringement. The Court further held, however, that this “knowledge” requirement can be met by showing “willful blindness” by the defendant— that the defendant (1) “subjectively believe[s] that there is a high probability” that a patent exists and that the defendant’s acts infringe that patent; and (2) “take[s] deliberate actions to avoid learning” about those facts.

Another recent decision on specific intent in the induced infringement context is *Commil USA, LLC v. Cisco Systems, Inc.*, 720 F.3d 1361 (Fed. Cir. 2013). In *Commil*, a U.S. Court of

¹ In the context of direct infringement, “willful” infringement looks at an infringer’s state of mind and imposes enhanced damages (up to treble damages) if it is shown by clear and convincing evidence “that the infringer acted despite an objectively high likelihood that its actions constituted infringement of a valid patent.” and that the objectively defined risk was either known or should have been known to the accused infringer. *In re Seagate Tech.*, 497 F.3d 1360, 1369 (Fed. Cir. 2007). Willfulness could be shown in the context of either direct or indirect infringement, although it is more common in the direct infringement context.

Appeals for the Federal Circuit panel held that a good-faith belief that asserted patent claims are invalid is relevant to the intent required to prove induced infringement. *Id.* at 1368. While prior cases established that a good-faith belief of noninfringement was relevant to show a lack of intent to induce infringement, the Federal Circuit has now held that the same is true of a good-faith belief of invalidity (which makes logical sense because an invalid patent cannot be infringed).

The evidence used most frequently by accused infringers to show their good-faith is an opinion of counsel. Patent counsel frequently draft opinions either that a client's actions do not infringe a patent or that a patent is invalid and therefore cannot be infringed. These opinions continue after *Global-Tech* and *Commil* to be persuasive evidence that an accused infringer had no intent to infringe a patent, despite knowing of the patent.

Interestingly, the Federal Circuit recently issued a nonprecedential opinion holding that an infringer's state of mind can change over time. *Bose Corp. v. SDI Technologies, Inc. et al.*, No. 2013-1347, slip opinion (Fed. Cir. March 14, 2014) (nonprecedential). Regarding opinions of counsel, this decision would allow the possibility of liability before an opinion is received by the accused infringer and after a fact finder decides infringement exists, while precluding liability during the period when the accused infringer reasonably relied on the opinion and thus lacked intent. This somewhat limits the protection provided by opinions of counsel.

In terms of proving specific intent post-*Global-Tech*, here are some examples of evidence courts have found probative of specific intent in induced infringement cases:

1. Failure to tell counsel that product was copied from competitor. *Global-Tech*
2. Failure to investigate whether competitor's product is patented. *Global-Tech*
3. Good faith belief of non-infringement shows lack of intent. *DSU Med. Corp. v. JMS Co. Ltd.*, 471 F.3d 1293 (Fed. Cir. 2006).

4. Good faith belief that patent is invalid shows lack of intent. *Commil USA, LLC v. Cisco Systems Inc.*, 720 F.3d 1361 (Fed. Cir. 2013); *Bose Corp. v. SDI Technologies, Inc.*, 2012 WL 2862057 (D. Mass. July 10, 2012).
5. Employee that drafted instructions alleged to cause inducement personally knew of patent before drafting instructions. *Smith & Nephew, Inc. v. Arthrex, Inc.*, 502 Fed. Appx. 945 (Fed. Cir. 2013).
6. Accused inducer made no attempt to compare its products/instructions to the asserted patent claims despite knowing of the patent. *Smith & Nephew, Inc. v. Arthrex, Inc.*, 502 Fed. Appx. 945 (Fed. Cir. 2013).
7. Advertising statements combined with knowledge of the patent. *In re Bill of Lading Transmission and Processing Sys.*, 681 F.3d 1323 (Fed. Cir. 2012) (holding plaintiff adequately pleaded claim for induced infringement).
8. Indemnification agreements obtained from underlying direct infringers to protect against inducement liability. *Synqor, Inc. v. Artesyn Technologies, Inc.*, C.A. No. 2:11-cv-444, Dkt. No. 446 (E.D. Tex. July 19, 2013) (Report and Recommendation).
9. Incorporating components whose sole purpose is to cause the product to operate in an infringing manner. *Ricoh Co., Ltd. v. Quanta Computer, Inc.*, 550 F.3d 1325, 1340-43 (Fed. Cir. 2008).

INDIVIDUAL VERSUS CORPORATE DEFENDANTS

In the context of civil cases, and even some criminal cases with corporate defendants, how do you prove the intent of a corporate entity? Who are the relevant actors?

A company is not a person, so it can only act vicariously through the people it employs as its agents. Thus, most corporate liability for torts is vicarious liability imposed under *respondeat superior*. In general, a corporation is liable for the actions of its agents whenever such agents act within the scope of their employment and at least in part to benefit the corporation. See, e.g., *In re Hellenic, Inc.*, 252 F.3d 391, 395 (5th Cir. 2001) (“An agent’s

knowledge is imputed to the corporation where the agent is acting within the scope of his authority and where the knowledge relates to matters within the scope of that authority.”).

If an individual is the target defendant because a potential defendant corporation has no assets, it must be determined whether the individual committed the tort. If yes, then a person is liable for his own tortious conduct even when acting for the benefit of another. See *Orthokinetics, Inc. v. Safety Travel Chairs, Inc.*, 806 F.2d 1565 (Fed. Cir. 1986) (“[I]t is well settled that corporate officers who actively aid and abet their corporation’s infringement may be personally liable for inducing infringement under § 271(b) regardless of whether the corporation is the alter ego of the corporate officer.”). If the agent did not participate in the tort, then the agent is only liable if the corporate veil can be pierced, an issue of state law, which is usually a difficult standard to meet.

An interesting question that could arise in the corporate patent infringement context is what happens when knowledge of a patent is contained, for example, in the legal department, but the actions alleged to induce another to infringe are performed by separate employees within another department with no knowledge of the patent and no reason to suspect the patent exists. In this situation, there is a separation of the knowledge of the patent and the inducing acts within the corporation. With no link between the knowledge and the actions, can specific intent to cause infringement exist? In theory, the answer is “no.” But this result would seem to inequitably reward a corporation for quarantining its knowledge to a specific department. Perhaps this is the willful blindness contemplated by the Supreme Court in *Global-Tech*?

CONCLUSION

Building on the background provided above, the panel looks forward to an expanded discussion on how to prove specific intent through the experiences of the panel members.