

In The
Supreme Court of the United States

————— ◆ —————
COMMIL USA, LLC,
Petitioner/Cross-Respondent,
v.

CISCO SYSTEMS, INC.,
Respondent/Cross-Petitioner.

————— ◆ —————
ON PETITION AND CONDITIONAL CROSS-PETITION FOR
WRIT OF CERTIORARI TO
THE UNITED STATES COURT OF APPEALS
FOR THE FEDERAL CIRCUIT

————— ◆ —————
REPLY BRIEF OF PETITIONER/CROSS-
RESPONDENT TO BRIEF FOR THE UNITED STATES
AS AMICUS CURIAE

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STATUTE

35 U.S.C. § 271(b) *passim*

Petitioner Commil USA, LLC, respectfully submits this reply to the Brief for the United States as Amicus Curiae (hereinafter “U.S. Br.”).

Commil agrees with the Solicitor General’s recommendation that this Court grant Commil’s petition on the first question presented: whether a good-faith belief that a patent is invalid is a defense to inducement liability under Section 271(b). See U.S. Br. at 7. As the Solicitor General’s brief ably explains, the Federal Circuit panel majority’s creation of this new defense is “inconsistent with the Patent Act’s text and structure, and it may undermine Section 271(b)’s efficacy as a means of deterring and remedying infringement.” *Id.*

Commil also agrees with the Solicitor General’s recommendation that this Court deny Cisco’s conditional cross-petition in No. 13-1044.

Commil files this reply to respond to the Solicitor General’s recommendation that the second question in Commil’s petition be denied.

I. There is Substantial Confusion About The Meaning of *Global-Tech’s* Statement That “[I]nduced Infringement Under § 271(b) Requires Knowledge That The Induced Acts Constitute Patent Infringement,” And Its Resolution Is “Important”

The Solicitor General’s brief correctly explains the confusion existing in the wake of *Global-Tech Appliances, Inc. v. SEB S.A.*, 131 S. Ct. 2060 (2011):

Global-Tech clearly establishes that a defendant may be held liable under Section 271(b) only if it knew about the patent at issue. *Global-Tech* does not clearly resolve, however, whether the defendant must additionally possess actual knowledge that the induced conduct constitutes infringement. On the one hand, certain passages in *Global-Tech* suggest that Section 271(b) requires only knowledge of (or willful blindness to) the patent's *existence*. See, e.g., 131 S. Ct. at 2068 (“[W]e proceed on the premise that [Section] 271(c) requires knowledge of the existence of the patent that is infringed. Based on this premise, it follows that the same knowledge is needed for induced infringement under [Section] 271(b).”). On the other hand, prominent passages in *Global-Tech* suggest that Section 271(b) additionally requires proof that the defendant knew the induced conduct to be infringing. See, e.g., 131 S. Ct. at 2068 (“[W]e now hold that induced infringement under [Section] 271(b) requires knowledge that the induced acts constitute patent infringement.”). The factual circumstances of *Global-Tech* did not require the Court to choose between those two potential understandings of Section 271(b)'s scienter requirement.

U.S. Br. at 9-10.

The Solicitor General also correctly notes that it is an open question after *Global-Tech* whether “Section 271(b) requires knowledge that the induced conduct actually constituted infringement” or whether “Section 271(b) simply requires knowledge of the patent’s existence, alone or in combination with knowledge that the patentee views the induced conduct as infringing.” *Id.* at 18. The Solicitor General’s brief suggests that the latter approach is correct under this Court’s decision in *Aro II* and preferable as a matter of patent policy. *See id.* at 19-20.

This question is “an important one that would warrant this Court’s review in an appropriate case.” U.S. Br. at 20. As the Solicitor General notes, scienter-based defenses are raised in essentially every patent case involving an inducement claim, and under the former approach “it will be difficult for the patentee to prove that the defendant’s belief was not genuine,” which “would render Section 271(b) substantially less effective in preventing and redressing violations of the patent holder’s exclusive rights.” *See id.* at 14, 20. Simply put, both patent owners and potential infringers need to know whether Section 271(b) has teeth.

II. Commil's Second Proposed Question Addresses How To Interpret This Aspect of *Global-Tech* And Resolving It Would Provide Clarity Beyond This Case

The Solicitor General recommends that the Court decline to hear Commil's second question for two reasons: (1) "Commil does not challenge the Federal Circuit's understanding of the legal rule announced in *Global-Tech*" (U.S. Br. at 17); and (2) "The court's assessment of the ultimate import of the jury instructions is unlikely to have implications beyond this case" (*id.* at 18). Commil respectfully disagrees on both points.

A. *Commil Presented The Question Of How Global-Tech Should Be Interpreted And Challenges the Federal Circuit's Interpretation*

The jury was instructed that it could find Cisco liable for inducement if it concluded that Cisco (1) "actually intended to cause the acts that constitute direct infringement," (2) was "aware of the patent," and (3) "knew or should have known that its actions would induce actual infringement." Pet. App. 238a-239a. The Federal Circuit held that these instructions were erroneous in light of *Global-Tech*. *Id.* at 8a.

The focal point of the Federal Circuit opinion (and Cisco's briefing) was the sentence that the Solicitor General correctly identifies as the source of substantial confusion: "[W]e now hold that induced infringement under § 271(b) requires knowledge that

the induced acts constitute patent infringement.” *Global-Tech*, 131 S. Ct. at 2068; *see also* Pet. App. 7a (quoting the same); Cisco C.A. Br. at 36 (quoting the same); Br. in Opp. at 15 (quoting the same).¹ Commil vigorously disputed the proposition that this sentence of *Global-Tech* should be interpreted in a manner that rendered the jury instructions erroneous, and pressed this argument in its petition. Commil C.A. Br. at 38-43 (arguing that the instructions were consistent with *Global-Tech*); Pet. at 3-4, 22-26.

In light of this, the Solicitor General’s statement that “Commil does not challenge the Federal Circuit’s understanding of the legal rule announced in *Global-Tech*” (U.S. Br. at 17) is, respectfully, incorrect. The Solicitor General’s views on this point presumably stem from the fact that Commil has never disputed that the words in the key sentence appear on the pages of the *Global-Tech* opinion. For example, the Solicitor General states that Commil (1) “conceded that *Global-Tech* held that Section 271(b) requires ‘knowledge that the induced acts constitute patent infringement’” (*id.* at 17); and (2) “agrees with the Federal Circuit that, under *Global-Tech*, ‘induced infringement * * * requires knowledge that the induced acts constitute patent infringement’” (*id.* at 17-18). The embedded quotations in each sentence are taken verbatim from *Global-Tech*. All Commil “conceded” or agreed to was

¹ Consistent with the Brief for the United States, references to “Pet.,” “Pet. App.” and “Br. in Opp.” are to the petition, petition appendix, and brief in opposition filed in No. 13-896. “Cisco C.A. Br.” and “Commil C.A. Br.” refer to briefs filed in the Federal Circuit.

that the language was written in the *Global-Tech* opinion—a proposition that no reasonable attorney could contest. There is a significant and very live dispute about the legal rule that should be gleaned from those words and that is the very dispute Commil raised at the Federal Circuit and in its petition for a writ of certiorari.

B. *Review of the Commil Jury Instructions Will Be Applicable To All Inducement Cases*

Granting review of Commil’s second question provides an opportunity for the Court to clearly resolve the question of what, if anything, beyond knowledge of the patent’s existence is necessary to satisfy the intent requirement for inducement. This is a question that must be addressed in the jury instructions in every inducement case, and the Solicitor General’s brief acknowledges that it “is an important one that would warrant this Court’s review in an appropriate case.” U.S. Br. at 20. This case is appropriate because the jury instructions “implicate[]” this question, as the Solicitor General’s brief acknowledges. *Id.* at 18. The instructions squarely set forth an approach within the continuum of possible standards identified by the Solicitor General, and whether this Court blesses or rejects the instructions given in this case will provide substantial guidance to future litigants.

The Solicitor General’s brief suggested three possible scienter requirements for inducement (all of which would be required in addition to a showing

that the defendant intended to cause the third party's acts):

- (1) Knowledge of the patent's existence alone (*id.* at 18);
- (2) Knowledge of the patent's existence "in combination with knowledge that the patentee views the induced conduct as infringing" (*id.*);
- (3) Knowledge of the patent's existence in combination with actual subjective knowledge that the induced conduct actually constitutes infringement (*i.e.*, falls within the scope of the claims) (*id.*).

In the present case, the jury was instructed in accordance with a fourth possibility, namely, that the alleged inducer must be "aware of the patent," (*i.e.*, have knowledge of the patent's existence) and that it must also have "kn[ow] or should have known that its actions would induce actual infringement." Pet App. 238a-239a. In terms of the level of scienter required, the given instruction is on the spectrum between the Solicitor General's most lenient (knowledge of the patent alone) and most rigid (actual subjective knowledge of actual infringement) potential standards. The given instruction also tracks the level of scienter chosen by the Federal Circuit in the *en banc DSU* case. *DSU Medical Corp. v. JMS Co.*, 471 F.3d 1293, 1305-06,

1311 (Fed. Cir. 2006) (approving instruction using the “knew or should have known” language where knowledge of the patent was undisputed).

Reviewing the propriety of the given instruction presents a straightforward opportunity for the Court to clearly answer the question that the Solicitor General and Commil both believe was left unresolved by *Global-Tech*, namely, whether a defendant that knew about the patent at issue “must additionally possess actual knowledge that the induced conduct constitutes infringement.” U.S. Br. at 9. This, like the question of whether subjective beliefs about invalidity are relevant to the intent requirement, is of critical importance to district courts and litigants in every case involving a claim under § 271(b). *Id.* at 20; *cf. id.* at 14.

III. CONCLUSION

Commil’s petition for a writ of certiorari in No. 13-896 should be granted on both questions presented. Cisco’s conditional cross-petition in No. 13-1044 should be denied.

Respectfully Submitted,

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