

No. 13-896

In the Supreme Court of the United States

COMMIL USA, LLC
Petitioner,

v.

CISCO SYSTEMS, INC.,
Respondent.

ON WRIT OF CERTIORARI TO THE UNITED STATES
COURT OF APPEALS FOR THE FEDERAL CIRCUIT

**BRIEF OF *AMICUS CURIAE*
AMERICAN INTELLECTUAL PROPERTY LAW
ASSOCIATION IN SUPPORT OF NEITHER PARTY**

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STATEMENT OF INTEREST

The American Intellectual Property Law Association (“AIPLA”) is a national bar association of approximately 15,000 members engaged in private and corporate practice, in government service, and in the academic community.¹ AIPLA members represent a wide and diverse spectrum of individuals, companies, and institutions involved directly and indirectly in the practice of patent, trademark, copyright, and unfair competition law, as well as other fields of law affecting intellectual property. The Association’s mission includes providing courts with objective analysis to promote an intellectual property system that stimulates and rewards invention while balancing the public’s interest in healthy competition, reasonable costs, and basic fairness.

The Association has no stake in the parties to this litigation or in the result of this case, other than its

¹ In accordance with Supreme Court Rule 37.6, *amicus curiae* states that this brief was not authored, in whole or in part, by counsel to a party, and that no monetary contribution to the preparation or submission of this brief was made by any person or entity other than the *amicus curiae* and its counsel. Specifically, after reasonable investigation, AIPLA believes that (i) no member of its Board or Amicus Committee who voted to file this brief, or any attorney in the law firm or corporation of such a member, represents a party to this litigation in this matter, (ii) no representative of any party to this litigation participated in the authorship of this brief, and (iii) no one other than AIPLA, or its members who authored this brief and their law firms or employers, made a monetary contribution to the preparation or submission of this brief.

interest in the correct and consistent interpretation of law affecting intellectual property.²

SUMMARY OF ARGUMENT

A defendant's belief of invalidity should not be a defense to induced infringement under Section 271(b). While invalidity is a defense to liability for infringement, the concepts of infringement and validity are separate and distinct.

The Federal Circuit's new defense to induced infringement is also inconsistent with the Patent Act's text and structure, will result in unexpected consequences with respect to the law of infringement, and will erode Section 271(b)'s effectiveness. The Federal Circuit based its decision on the false premise that infringement can only occur with respect to a valid patent, failing to recognize that it is *liability* for infringement that depends on patent validity. The distinction between infringement and validity is well recognized in precedent of this Court and the Federal Circuit, and it remains essential to the fair and consistent application of the law.

There is no basis in either the statute or the legislative history for importing a belief about patent validity into determining a violation of Section 271(b), despite the knowledge requirement which this Court found in the phrase "actively induces." In addition, such importation would effectively conflate the ultimate issues of inducement and willfulness.

² In accordance with Supreme Court Rule 37.3(a), the parties have consented to the filing of this amicus brief in support of neither party.

Finally, the introduction of this problematic new defense to inducement promises to significantly undermine the ability of patent owners to enforce their rights against indirect infringers, which is sometimes their only realistic mechanism for enforcement against infringing competitors. In an age of increasingly sophisticated technology, distributed over global networks of interacting systems and participants, the ability of patent owners to obtain relief over uses of their inventions has become ever more difficult. To condition these enforcement efforts on the subjective belief of defendants is to hobble an enforcement mechanism provided by Congress at a time when it is more important than ever.

ARGUMENT

I. INFRINGEMENT IS A SEPARATE QUESTION TO BE CONSIDERED WITHOUT REGARD TO VALIDITY

Section 271(b) says nothing about an invalidity belief, instead stating only that “Whoever actively induces infringement of a patent shall be liable as an infringer.” The Federal Circuit, in reaching its holding that a good-faith belief of invalidity may negate an induced infringement claim, relied mainly on the asserted “principle” that “[i]t is axiomatic that one cannot infringe an invalid patent.” *Commil USA, LLC v. Cisco Sys., Inc.*, 720 F.3d 1361, 1368 (Fed. Cir. 2013). But this statement confuses the question of infringement with the question of liability for infringement. The proper way to look at this is that there can be no liability for infringement if the patent is invalid. The statement also conflicts with longstanding judicial authority that infringement and validity are distinct issues.

The distinction between infringement and liability for infringement is illustrated by this Court’s recent decision in *Limelight Networks, Inc. v. Akamai Techs., Inc.*, 134 S. Ct. 2111 (2014). In that case, the Court held that a defendant could not be liable for inducing infringement where no one has committed direct infringement because “inducement liability may arise ‘if, but only if, [there is] ... direct infringement.’” *Akamai*, 134 S. Ct. at 2117 (quoting *Aro Mfg. Co. v. Convertible Top Replacement Co.*, 365 U.S. 336, 341 (1961)). The Court addressed why its result was not counter to tort law principles that impose liability on a defendant who harms another through a third party, even if that third party would not himself be liable. The Court explained that the reason the defendant could not have induced infringement under § 271(b) “is not that no third party is *liable* for direct infringement; the problem, instead, is that no direct infringement was *committed*.” *Akamai*, 134 S. Ct. at 2118-2119 (emphasis in original). Thus, the Court recognized that being liable for infringement and committing infringement are distinct.

Infringement entails the step of determining if the accused product or acts correspond to the scope of the invention as defined by that properly construed claim. And that determination does not require any determination of validity. Of course, liability for infringement entails determining the application of defenses such as invalidity, and if a court accepts the defense that the patent claim is invalid, there is no ultimate liability for the demonstrated infringement.

The distinction between infringement and invalidity has long been recognized in precedent of both this Court and of the Federal Circuit. It was an important part of the decision in *Cardinal Chem. Co. v.*

Morton Int'l, Inc., 508 U.S. 83 (1993), which objected to the Federal Circuit's view that a finding of non-infringement obviated any need to address a counterclaim of invalidity. That case reviewed the Federal Circuit's routine practice of vacating a declaratory judgment of invalidity whenever non-infringement is found. In addressing that procedural issue, the Court implicitly acknowledged that infringement and invalidity are separate questions requiring independent consideration.

This distinction between infringement and validity also has been recognized repeatedly by the Federal Circuit, as in the following:

[T]his court has long recognized that patent infringement and invalidity are separate and distinct issues. "Though an invalid claim cannot give rise to liability for infringement, whether it is infringed is an entirely separate question capable of determination without regard to its validity."

Pandrol USA, LP v. Airboss Ry. Prods., Inc., 320 F.3d 1354, 1365 (Fed. Cir. 2003) (quoting *Medtronic, Inc. v. Cardiac Pacemakers, Inc.*, 721 F.2d 1563, 1583 (Fed. Cir. 1983)); *Stratoflex, Inc. v. Aeroquip Corp.*, 713 F.2d 1530, 1540-1541 (Fed. Cir. 1983).³

³ In *Stratoflex*, the Federal Circuit highlighted the distinction between infringement and invalidity: "When presented with patent validity and infringement issues, trial courts should, as Judge Boyle did here, decide both. First, the parties, witnesses and exhibits involved in both issues are before the court. If a judgment limited to one issue is reversed, it may become necessary to again call many of the same persons before the court for trial or argument on the other." 713 F.2d at 1540-1541.

In practice, patent jury trials provide a good illustration of the importance of distinguishing between infringement and invalidity. Juries in patent cases are often faced with the dual task of deciding infringement and validity issues, and verdict forms typically separate those distinct determinations. Where a jury finds a patent is infringed but also finds it invalid, the verdict on infringement stands separate from the verdict on invalidity. Should the trial court uphold the jury's verdict following trial, the result is that the invalidity of the patent precludes any liability for the defendant's infringement. *Id.* at 1540-1541.

The rule applied in *Commil*, however, directly contradicts the distinction recognized by this Court and earlier Federal Circuit decisions. While a determination of invalidity may dispose of liability, the infringement of a claim is a "separate question" that can be determined "without regard to its validity" and the "better practice" is to address each issue separately. *Medtronic*, 721 F.2d at 1583. As such, in response to a charge of patent infringement, a defendant may rely on a number of defenses, such as patent invalidity or unenforceability, to contest liability. This is clearly established in our law.

II. NOTHING IN THE TEXT OF § 271(b) OR ITS LEGISLATIVE HISTORY SUGGESTS THAT AN INVALIDITY BELIEF IS A DEFENSE TO INDUCED INFRINGEMENT

The language of Section 271(b) and the legislative history of the statute further support the conclusion that a good faith belief of invalidity is not relevant to the issue of infringement. The Federal Circuit's holding to the contrary has no basis in either the language or the legislative history of the statute.

In enacting Section 271(b), Congress sought to define broadly induced infringement in this one simple sentence:

Whoever actively induces infringement of a patent shall be liable as an infringer.

This recitation for induced infringement reflected the intent of Congress to declare “in broad terms that one who aids and abets an infringement is likewise an infringer.” H.R. Rep. No. 82-1923, at 9 (1952).

Indirect infringement has long been part of our patent laws, but the 1952 Patent Act took pains to codify this part of the law after Congress found it far too confused to be useful. *See Aro Mfg. Co. v. Convertible Top Replacement Co.*, 377 U.S. 476, 485 n.6 (1964) (*Aro II*) (noting that Section 271 was intended to codify principles that had been part of the common law for the preceding 80 years) (citing H.R. Rep. No. 82-1923, at 9 (1952), and 1952 U.S.C.C.A.N. 2402 (statement of Rep. Rogers)). Congress did so by creating one provision for contributory infringement at Section 271(c), and a separate provision for induced infringement at Section 271(b). In neither provision did Congress include any reference to a defendant’s belief about the validity of the asserted patent. While Section 271(c) has express language about knowledge of infringement, and this Court in *Global-Tech* found a knowledge requirement implied in the “actively induces” language of Section 271(b), the required knowledge for the two provisions does not have anything to do with patent validity. *See Global-Tech Appliances, Inc. v. SEB S.A.*, 131 S. Ct. 2060 (2011).

Nor is there any suggestion in the legislative history of the 1952 Patent Act that a patent owner's assertion of induced infringement may be refuted by a defendant's belief that the patent is invalid. Instead Congress sought to broadly define induced infringement, as noted above.

This Court, in deciding the issue presented, should consider the overall purpose of the 1952 Patent Act, which codified the existing common law of patents, including those principles of indirect infringement (such as contributory infringement). There is no support in the statute's text itself, nor in the legislative history of the 1952 Act, nor in the pre-1952 case law, that suggests that one's belief as to invalidity (whether accurate or not) affects a claim of induced infringement.

If the Federal Circuit's rule in *Commil* stands, an inherent unfairness will result where an inducer successfully defends against a §271(b) inducement charge based on its belief of invalidity, and that invalidity belief turns out to be incorrect. If, in such a case, it is later determined that the patent is not invalid, then the inducer will have avoided liability based entirely on its subjective belief, despite the incorrectness of that belief. Certainly Congress did not intend to protect inducers who incorrectly believe that an asserted patent is invalid. Section 271(b) says nothing about an invalidity belief, instead stating only that, "Whoever actively induces infringement of a patent shall be liable as an infringer." An invalidity belief is not an element of induced infringement.

III. THE KNOWLEDGE REQUIRED FOR A §271(b) VIOLATION DOES NOT PROVIDE SUPPORT THAT AN INVALIDITY BELIEF IS RELEVANT TO INFRINGEMENT UNDER §271(b)

Section 271(b) has been found to include a showing of knowledge of the patent by the alleged inducer, but such knowledge has nothing to do with the validity of the patent.

In *Global-Tech* this Court considered the requirements for showing inducement of patent infringement under Section 271(b). *Global-Tech* reviewed generally the law of indirect patent infringement in its pre-1952 uncodified state and in its post-1952 codified state. 131 S. Ct. at 2065-2068. Upon finding an implied knowledge requirement in the Section 271(b) phrase, “actively induces,” the Court concluded that knowledge could also be imputed based on the defendant’s willful blindness. *Id.* at 2069.

The *Global-Tech* decision reviewed the analysis in *Aro II* on the knowledge requirement for contributory infringement under Section 271(c), and inferred the same knowledge requirement of Section 271(b) from its analysis of Section 271(c). Regardless of what is necessary to satisfy the knowledge requirement of Sections 271(b) and (c), which is not directly at issue here, nothing in *Aro II* or *Global-Tech* requires or suggests that a belief about patent invalidity is relevant to determining induced infringement.

IV. CONSEQUENCES OF OPENING THE DOOR TO “BELIEF OF INVALIDITY”

a. The New Federal Circuit Rule Conflates the Mental States Required for Inducement and Willfulness

To permit a defendant’s belief about patent invalidity to negate evidence of inducement conflates well-established patent law principles of willfulness and induced infringement.

Section 271(b) requires, under *Global-Tech*, that “at least some intent is required,” 131 S. Ct. at 2065, and Section 284 provides increased damages where the defendant’s culpability is aggravated by willful acts. Although Section 284 does not expressly include a mental state requirement, this Court has explained that increased damages are only available “in a case of willful or bad-faith infringement.” *Aro II*, 377 U.S. at 508.

Introducing a defendant’s invalidity belief into a determination of Section 271(b) induced infringement will inevitably conflate the mental state determinations required for willful infringement and induced infringement. Federal Circuit willfulness rules require clear and convincing evidence that the infringer acted despite an objectively high likelihood that its actions were infringing, and that this objectively-defined risk was either known or so obvious that it should have been known to the accused infringer. *In re Seagate Tech., LLC*, 497 F. 3d 1360, 1371 (Fed. Cir. 2007). If a belief of invalidity, which can be a defense to willfulness, is also treated as a defense to inducement (regardless of the correctness of the belief), the

Federal Circuit’s decision in this case creates confusion between the standards for inducement and for willfulness.

b. The New Federal Circuit Rule Will Erode Patent Enforcement Rights Against Indirect Infringers

By allowing a “belief of patent invalidity” to be asserted as a defense to a charge of inducing patent infringement, the Federal Circuit will limit the ability of patent owners to enforce their rights against indirect infringers.

Congress provided—with Sections 271(b) and (c)—enforcement rights against indirect infringers in order to protect patent owners from those who stay at arm’s length from actually practicing the claimed invention themselves, but who benefit from the infringing activity that they encourage and assist others to carry out. In an age of increasingly sophisticated technology, distributed over global networks of interacting systems and participants, the ability of patent owners to obtain relief over uses of their inventions has become ever more difficult. For some technologies, patent enforcement against indirect infringement today is more important than ever. In particular, the pharmaceutical industry often relies on method claims to protect its innovations, which are enforceable principally against “users” of the method rather than manufacturers of a device. As another example, the telecommunication industry often relies on system claims for protecting innovative technologies, which at times can only be enforced against indirect infringers.

In addition, patent owners may face a situation in which the entity being induced to commit direct infringement is its own actual or potential customer. Under such circumstances, an inducement claim may be the only viable claim since a patent owner will not be inclined to sue its own customer.

Another consideration that weighs against giving effect to a “belief of invalidity” is the statutory presumption of validity that patents enjoy under 35 U.S.C. § 282. As explained by the late Chief Judge Markey, this presumption is reflected in that a court will not find a patent valid, but will instead find it was not proved “invalid” based on the record before the court. *Envtl. Designs, Ltd. v. Union Oil Co. of Cal.*, 713 F.2d 693, 699 n.9 (Fed. Cir. 1983). He noted that this “avoids concern that a patent held valid may be held invalid on a different record in another case.” *Id.*

c. The New Federal Circuit Rule Risks Opening the Door to “Beliefs” of Any Other Defenses to Patent Infringement

The Federal Circuit’s new rule allowing a “belief of patent invalidity” to be asserted as a defense to a charge of inducing patent infringement failed to distinguish the invalidity defense from any other infringement defense. *See* 35 U.S.C. § 282. As a result, inducement claims are now exposed to the belief of a defendant about any of the defenses that would be part of an infringement action, such as unenforceability. As such, a defendant’s “belief of unenforceability” (even if it is incorrect) of a patent can preclude liability for induced infringement.

CONCLUSION

In view of the foregoing, AIPLA respectfully submits that a defendant's belief of invalidity should not be a defense to induced infringement under Section 271(b).

Respectfully submitted.

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