

No. 13-896

---

---

**In the Supreme Court of the United States**

---

COMMIL USA, LLC, PETITIONER

*v.*

CISCO SYSTEMS, INC.

---

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

---

**BRIEF FOR THE UNITED STATES  
AS AMICUS CURIAE SUPPORTING PETITIONER**

---

SARAH T. HARRIS  
*General Counsel*  
NATHAN K. KELLEY  
*Solicitor*  
THOMAS W. KRAUSE  
*Deputy Solicitor*  
FRANCES M. LYNCH  
BRIAN T. RACILLA  
*Associate Solicitors*  
*United States Patent and*  
*Trademark Office*  
*Alexandria, Va. 22313*

DONALD B. VERRILLI, JR.  
*Solicitor General*  
*Counsel of Record*  
JOYCE R. BRANDA  
*Acting Assistant Attorney*  
*General*  
MALCOLM L. STEWART  
*Deputy Solicitor General*  
GINGER D. ANDERS  
*Assistant to the Solicitor*  
*General*  
MARK R. FREEMAN  
THOMAS PULHAM  
*Attorneys*  
*Department of Justice*  
*Washington, D.C. 20530-0001*  
*SupremeCtBriefs@usdoj.gov*  
*(202) 514-2217*

---

---

### **QUESTION PRESENTED**

Under 35 U.S.C. 271(b), “[w]hoever actively induces infringement of a patent shall be liable as an infringer.” The question presented is as follows:

Whether a good-faith belief that a patent is invalid is a defense to inducement liability under Section 271(b).

TABLE OF CONTENTS

	Page
Interest of the United States .....	1
Statement.....	1
Summary of argument .....	6
Argument.....	8
I. Section 271(b) does not require knowledge of the infringing nature of the induced acts, and a good-faith belief in non-infringement is not a defense to inducement liability.....	9
A. This Court’s decision in <i>Global-Tech</i> does not clearly resolve whether Section 271(b) requires knowledge of the infringing nature of the induced acts.....	10
B. <i>Aro II</i> indicates that Section 271(c) does not require knowledge that the induced acts constitute infringement, and under <i>Global-Tech</i> , the same construction applies to Section 271(b).....	13
C. Considerations of patent policy support construing Section 271(b) to require only knowledge of the patent and the charge of infringement.....	17
II. Even if a good-faith belief in non-infringement is treated as a defense to liability under Section 271(b), it does not follow that a good-faith belief that a patent is invalid is also a defense .....	18
A. The text and structure of the Patent Act establish that a good-faith belief in invalidity does not negate the scienter required by Section 271(b).....	19
1. Section 271(b) requires scienter with respect to “infringement,” and a belief that the patent is invalid does not negate a defendant’s knowledge of “infringement” .....	19

IV

Table of Contents—Continued:	Page
2. The Federal Circuit’s contrary conclusion was based on the erroneous view that an invalid patent cannot be infringed.....	22
3. Respondent’s arguments in support of the Federal Circuit’s decision are unpersuasive .....	26
B. Treating a good-faith belief in invalidity as a defense to inducement liability would substantially undermine Section 271(b)’s efficacy in enforcing patent rights .....	28
Conclusion.....	33
Appendix — Statutory provisions .....	1a

**TABLE OF AUTHORITIES**

Cases:

<i>A.B. Chance Co. v. RTE Corp.</i> , 854 F.2d 1307 (Fed. Cir. 1988) .....	25
<i>Armstrong v. Motorola, Inc.</i> , 374 F.2d 764 (7th Cir.), cert. denied, 389 U.S. 830 (1967).....	16
<i>Aro Mfg. Co. v. Convertible Top Replacement Co.</i> , 377 U.S. 476 (1964) .....	<i>passim</i>
<i>Bill of Lading Transmission &amp; Processing Sys. Patent Litig., In re</i> , 681 F.3d 1323 (Fed. Cir. 2012).....	13
<i>Cardinal Chem. Co. v. Morton Int’l, Inc.</i> , 508 U.S. 83 (1993) .....	8, 23, 24, 25, 29, 30
<i>CEATS, Inc. v. Continental Airlines, Inc.</i> , 755 F.3d 1356 (Fed. Cir. 2014), petition for cert. pending, No. 14-681 (filed Dec. 4, 2014).....	24
<i>Deposit Guar. Nat’l Bank v. Roper</i> , 445 U.S. 326 (1980) .....	23
<i>DSU Med. Corp. v. JMS Co.</i> , 471 F.3d 1293 (Fed. Cir. 2006).....	13

Cases—Continued:	Page
<i>Fromson v. Advance Offset Plate, Inc.</i> , 755 F.2d 1549 (Fed. Cir. 1985) .....	24
<i>Gasoline Prods. Co. v. Champlin Ref. Co.</i> , 283 U.S. 494 (1931) .....	5
<i>Global-Tech Appliances, Inc. v. SEB S.A.</i> , 131 S. Ct. 2060 (2011) .....	<i>passim</i>
<i>Graham v. John Deere Co.</i> , 383 U.S. 1 (1966) .....	30
<i>International Med. Prosthetics Research Assocs., Inc. v. Gore Enter. Holdings, Inc.</i> , 787 F.2d 572 (Fed. Cir. 1986) .....	25
<i>Limelight Networks, Inc. v. Akamai Techs., Inc.</i> , 134 S. Ct. 2111 (2014) .....	17, 19
<i>Markman v. Westview Instruments, Inc.</i> , 517 U.S. 370 (1996) .....	18
<i>MedImmune, Inc. v. Genentech, Inc.</i> , 549 U.S. 118 (2007) .....	17, 29
<i>Medtronic, Inc. v. Cardiac Pacemakers, Inc.</i> , 721 F.2d 1563 (Fed. Cir. 1983) .....	20, 25
<i>Metro-Goldwyn-Mayer Studios Inc. v. Grokster, Ltd.</i> , 545 U.S. 913 (2005) .....	27, 33
<i>Microsoft Corp. v. i4i Ltd. P’ship</i> , 131 S. Ct. 2238 (2011) .....	20
<i>Nautilus, Inc. v. Biosig Instruments, Inc.</i> , 134 S. Ct. 2120 (2014) .....	30
<i>Pandrol USA, LP v. Airboss Ry. Prods., Inc.</i> , 320 F.3d 1354 (Fed. Cir. 2003) .....	24, 25
<i>Prima Tek II, L.L.C. v. Polypap, S.A.R.L.</i> , 412 F.3d 1284 (Fed. Cir. 2005) .....	27
<i>Richdel, Inc. v. Sunspool Corp.</i> , 714 F.2d 1573 (Fed. Cir. 1983) .....	27
<i>Robert Bosch LLC v. Pylon Mfg. Corp.</i> , 659 F.3d 1142 (Fed. Cir. 2011) .....	24

VI

Cases—Continued:	Page
<i>Seagate Tech., LLC, In re</i> , 497 F.3d 1360 (Fed. Cir. 2007), cert. denied, 552 U.S. 1230 (2008) .....	28
<i>Slimfold Mfg. Co. v. Kinkead Indus.</i> , 932 F.2d 1453 (Fed. Cir. 1991) .....	29
<i>SmithKline Beecham Corp. v. Apotex Corp.</i> , 403 F.3d 1331 (Fed. Cir. 2005), cert. denied, 547 U.S. 1218 (2006) .....	24
<i>Spectra-Physics, Inc. v. Coherent, Inc.</i> , 827 F.2d 1524 (Fed. Cir.), cert. denied, 484 U.S. 954 (1987) .....	25
<i>Tenneco Resins, Inc. v. Reeves Bros.</i> , 752 F.2d 630 (Fed. Cir. 1985) .....	25
<i>Unique Concepts, Inc. v. Brown</i> , 939 F.2d 1558 (Fed. Cir. 1991) .....	24
<i>Virnetx, Inc. v. Cisco Sys., Inc.</i> , 767 F.3d 1308 (Fed. Cir. 2014) .....	18
Constitution and statutes:	
U.S. Const. Amend. VII.....	4, 5
Patent Act, 35 U.S.C. 1 <i>et seq.</i> :	
35 U.S.C. 2(a)(1) .....	1
35 U.S.C. 2(b)(8) .....	1
35 U.S.C. 112.....	30
35 U.S.C. 271(a) .....	<i>passim</i> , 1a
35 U.S.C. 271(b).....	<i>passim</i> , 1a
35 U.S.C. 271(c) .....	<i>passim</i> , 1a
35 U.S.C. 271(e)(5) .....	23, 5a
35 U.S.C. 281.....	1
35 U.S.C. 282.....	32, 8a
35 U.S.C. 282(b)(1) .....	22, 9a
35 U.S.C. 282(b)(2) .....	22, 9a
35 U.S.C. 284.....	1, 16, 28

VII

Statutes—Continued:	Page
35 U.S.C. 287(a) .....	17
35 U.S.C. 298.....	16
35 U.S.C. 311.....	29
35 U.S.C. 321.....	29
19 U.S.C. 1337(a)(1)(B)(i) .....	22
21 U.S.C. 355(j)(2)(A)(vii)(IV).....	23
 Miscellaneous:	
Donald S. Chisum, <i>Chisum on Patents</i> (2014):	
Vol. 5 .....	13, 16, 20
Vol. 6A.....	20, 32
Brian D. Coggio, <i>Avoid Inducement Liability With Early Opinion Of Counsel</i> (Mar. 21, 2014), <a href="http://www.law360.com/articles/516267/avoid-inducement-liability-with-early-opinion-of-counsel">http://www.law360.com/articles/516267/avoid-inducement-liability-with-early-opinion-of-counsel</a> .....	
	31
P.J. Federico, <i>Commentary on the New Patent Act</i> , 75 J. Pat. & Trademark Off. Soc’y 161 (1993).....	
	23
H.R. 5988, 80th Cong., 2d Sess. (1948) .....	33
H.R. 3866, 81st Cong., 1st Sess. (1949).....	33
H.R. Rep. No. 98, 112th Cong., 1st Sess. (2011).....	16
H.R. Rep. No. 1923, 82d Cong., 2d Sess. (1952) .....	10
R. Carl Moy, <i>Moy’s Walker on Patents</i> (4th ed. 2012):	
Vol. 5 .....	15
Vol. 6 .....	22
S. Rep. No. 1979, 82d Cong., 2d Sess. (1952) .....	10
Nathan A. Sloan, <i>Think it is Invalid? A New Defense to Negate Intent for Induced Infringement</i> , 23 Fed. Cir. B.J. 613 (2014) .....	
	31

# In the Supreme Court of the United States

---

No. 13-896

COMMIL USA, LLC, PETITIONER

*v.*

CISCO SYSTEMS, INC.

---

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

---

**BRIEF FOR THE UNITED STATES  
AS AMICUS CURIAE SUPPORTING PETITIONER**

---

## **INTEREST OF THE UNITED STATES**

This case presents the question whether a good-faith belief that a patent is invalid is a defense to liability under 35 U.S.C. 271(b) for inducing infringement of the patent. The United States Patent and Trademark Office (PTO), which is responsible for “the granting and issuing of patents,” 35 U.S.C. 2(a)(1), as well as for advising the President on issues of patent policy, 35 U.S.C. 2(b)(8), has a substantial interest in the resolution of that question. At the Court’s invitation, the United States filed a brief as amicus curiae at the petition stage of this case.

## **STATEMENT**

1. A patent holder may bring a civil action for infringement in order to enforce the exclusive rights granted by the Patent Act. 35 U.S.C. 271(a), 281, 284.

(1)



Section 271(a) of Title 35 of the United States Code provides in relevant part that “whoever without authority makes, uses, offers to sell, or sells any patented invention, within the United States \* \* \* infringes the patent.” 35 U.S.C. 271(a). Under Section 271(a), a “direct infringer’s knowledge or intent is irrelevant” to liability. *Global-Tech Appliances, Inc. v. SEB S.A.*, 131 S. Ct. 2060, 2065 n.2 (2011).

Section 271(b) states that “[w]hoever actively induces infringement of a patent shall be liable as an infringer.” 35 U.S.C. 271(b). This Court has held that Section 271(b) requires “at least some intent,” including knowledge of, or willful blindness concerning, the patentee’s exclusive rights. *Global-Tech*, 131 S. Ct. at 2065, 2068.

2. a. Petitioner holds U.S. Patent No. 6,430,395 (filed Feb. 16, 2001) (the ’395 patent), which claims a method of implementing wireless networks. Respondent manufactures and sells wireless networking equipment. Petitioner brought this action in federal district court, alleging that respondent had manufactured network access points and controllers that employed the claimed method. Pet. App. 2a-5a. Petitioner alleged that respondent directly infringes the ’395 patent when it uses its access points and controllers, and that respondent indirectly infringes when it encourages its customers to do the same. Pet. 7.

b. A jury rejected respondent’s contention that the ’395 patent is invalid, and it found respondent liable for direct infringement but not for inducing infringement. Pet. App. 40a-41a. The jury awarded damages of approximately \$3.7 million. *Id.* at 41a.

Petitioner moved for a new trial on inducement liability and damages on the ground that respondent’s

local counsel had made inappropriate religious references intended to prejudice the jury against petitioner. Pet. App. 41a-43a. The district court held that the comments had “prejudiced the jury’s findings regarding indirect infringement and damages,” and it granted a retrial on those issues, while leaving intact the jury’s verdict that the ’395 patent was not invalid. *Id.* at 44a; see 13-1044 Pet. App. 3a-12a.

c. In a subsequent partial retrial, respondent sought to introduce evidence that it had a good-faith belief that the ’395 patent was invalid. Respondent contended that such evidence supported its argument that it lacked intent to induce infringement. The district court excluded the evidence without explanation. Pet. App. 46a.

The district court instructed the jury that it could find respondent liable for induced infringement only if it concluded that respondent (1) “actually intended to cause the acts that constitute direct infringement,” and (2) was aware of the patent and “knew or should have known that its actions would induce actual infringement.” Pet. App. 238a-239a. The jury found respondent liable for inducing infringement and awarded damages of approximately \$63.8 million. *Id.* at 48a.

3. A divided panel of the Federal Circuit affirmed in part, vacated in part, and remanded for a new trial on induced infringement and damages. Pet. App. 1a-39a.

a. The court of appeals unanimously held that the district court’s jury instructions were erroneous and warranted retrial. The court stated that, under *Global-Tech*, “[a] finding of inducement requires both knowledge of the existence of the patent and ‘know-

ledge that the induced acts constitute patent infringement.” Pet. App. 9a (quoting 131 S. Ct. at 2068). The court of appeals concluded that the district court’s jury instructions, by stating that respondent could be found liable if it “knew or should have known that its actions would induce actual infringement,” had allowed “the jury to find [respondent] liable based on mere negligence where knowledge is required.” *Id.* at 7a-8a, 239a. The court held that the instruction was prejudicial and required a retrial. *Id.* at 9a-10a.

A majority of the panel next held that the district court had erred by excluding respondent’s evidence that it possessed a good-faith belief that the ’395 patent was invalid. Pet. App. 10a-13a; see *id.* at 28a-29a (O’Malley, J., concurring in part and dissenting in part). The court stated that “evidence of an accused inducer’s good-faith belief of invalidity may negate the requisite intent for induced infringement,” *id.* at 12a-13a, because “[i]t is axiomatic that one cannot infringe an invalid patent,” *id.* at 11a. The court also relied on the Federal Circuit’s prior holding that evidence of “a good-faith belief of non-infringement” is a defense to inducement liability. *Ibid.* The court found “no principled distinction between a good-faith belief of invalidity and a good-faith belief of non-infringement for the purpose of whether a defendant possessed the specific intent to induce infringement of a patent.” *Ibid.* The majority also stated, however, that a belief in invalidity would not necessarily “preclude[] a finding of induced infringement.” *Id.* at 13a & n.1.

A different majority held that the district court’s grant of a retrial limited to inducement liability and damages did not violate the Seventh Amendment. Pet. App. 17a-20a; see *id.* at 22a (Newman, J., concur-

ring in part and dissenting in part). The court explained that, under *Gasoline Products Co. v. Champion Refining Co.*, 283 U.S. 494 (1931), partial retrials are permitted if, but only if, “it clearly appears that the issue to be retried is so distinct and separable from the others that a trial of it alone may be had without injustice.” Pet. App. 17a (quoting 283 U.S. at 500). The court concluded that the issues to be retried in this case were “distinct and separate” from the already-decided issue of the patent’s validity. *Id.* at 20a.

Finally, the court of appeals affirmed the district court’s construction of the patent claims and its findings regarding validity. Pet. App. 20a-21a. The court declined to address respondent’s contention that petitioner had failed to prove that respondent’s customers committed the direct infringement necessary to support respondent’s liability for inducement, as well as respondent’s arguments concerning damages. *Id.* at 21a.

b. Judge Newman dissented from the court’s holding that a good-faith belief in invalidity is a defense to inducement liability. Pet. App. 22a-27a. Judge O’Malley dissented from the court’s holding that the partial retrial was consistent with the Seventh Amendment, as well as from the court’s decision not to reach the question whether respondent’s customers had committed direct infringement. *Id.* at 28a-39a.

4. The court of appeals denied both parties’ petitions for rehearing en banc. Pet. App. 50a-52a. Five judges would have granted rehearing en banc to consider the panel’s recognition of the “good faith belief in invalidity” defense, and four of those judges also would have granted rehearing to consider the panel’s

grant of a partial retrial. *Id.* at 53a-60a (Reyna, J., dissenting from the denial of rehearing en banc); *id.* at 61a-63a (Newman, J., dissenting from the denial of rehearing en banc).

#### SUMMARY OF ARGUMENT

This case presents the question whether a good-faith belief that a patent is invalid is a defense to liability under 35 U.S.C. 271(b) for inducing infringement of that patent. In answering that question in the affirmative, the Federal Circuit did not examine the Patent Act's text and structure. Instead, the court (a) took it as given that a good-faith belief in non-infringement is a defense to inducement liability, and (b) found no basis for distinguishing such a belief from a good-faith belief in the patent's invalidity. Pet. App. 11a. Both the Federal Circuit's premise and its conclusion are incorrect.

I. The court of appeals erred in assuming that knowledge of the infringing nature of the induced acts is necessary for an inducer to be held liable under Section 271(b), such that an accused infringer's good-faith belief in non-infringement negates that required knowledge. Although that issue is not squarely before this Court, this brief addresses the question because it was the premise on which the court of appeals concluded that a good-faith belief in invalidity is also a defense.

This Court's decisions indicate that a patentee may establish the scienter required by Section 271(b) by proving that the inducer was aware of the patent and of the patentee's view that the induced conduct was infringing. Under that standard, an inducer may be held liable even if it believed in good faith that the induced conduct did not infringe the patent. In

*Global-Tech Appliances, Inc. v. SEB S.A.*, 131 S. Ct. 2060 (2011), the Court held that inducement liability under Section 271(b) requires at least knowledge of, or willful blindness to, the patent's existence. The Court did not clearly resolve whether the alleged inducer must also know about the infringing nature of the induced acts. The *Global-Tech* Court did hold, however, that Section 271(b)'s scienter requirement is governed as a matter of statutory *stare decisis* by *Aro Manufacturing Co. v. Convertible Top Replacement Co.*, 377 U.S. 476, 484 (1964) (*Aro II*).

The Court in *Aro II* held that the knowledge required by Section 271(c), which defines contributory infringement, was established by the defendant's receipt of a letter from the patentee informing it of the relevant patent and of the *patentee's* view that the defendant's conduct was infringing. Under *Global-Tech*, Section 271(b) should be similarly construed. That construction strikes an appropriate balance between protecting patent rights and ensuring that accused inducers are not held liable for innocent conduct.

II. Even if a good-faith belief in non-infringement were a defense to inducement liability, Section 271(b) would not require knowledge of the patent's validity or suggest that the inducer's good-faith belief in invalidity is a proper defense. Section 271(b) requires that the alleged inducer have acted intentionally to bring about "infringement." 35 U.S.C. 271(b). "Infringement" occurs whenever the patent's elements are practiced without authorization, regardless of the patent's validity. Thus, even if Section 271(b) required proof that the defendant knew the induced conduct would constitute actual "infringement," the

defendant's good-faith belief in the invalidity of the patent would not negate the existence of such knowledge.

In reaching a contrary conclusion, the Federal Circuit found it "axiomatic that one cannot infringe an invalid patent." Pet. App. 11a. In fact, the Patent Act's text and structure, as well as decisions of this Court and the Federal Circuit, establish that infringement and invalidity are separate issues. Under those decisions, a finding of invalidity precludes *liability* for infringement, but it does not negate the *fact* that infringement has occurred.

Recognizing a belief-in-invalidity defense would undermine Section 271(b)'s important function of enabling patentees to enforce their rights in situations where the patent cannot practicably be enforced against direct infringers. "[I]t is often more difficult to determine whether a patent is valid than whether it has been infringed." *Cardinal Chem. Co. v. Morton Int'l, Inc.*, 508 U.S. 83, 99 (1993). If a good-faith belief in the patent's invalidity is a defense to inducement liability, defendants can easily assert that they possessed such a belief, and such assertions will be difficult to refute.

#### ARGUMENT

The Federal Circuit took it as given that a good-faith belief in non-infringement is a defense to inducement liability under Section 271(b). From that premise, the court concluded that a good-faith belief in invalidity must also be a defense. Both steps in the court's reasoning are erroneous.

Contrary to the court of appeals' assumption, Section 271(b) does not require knowledge that the induced acts constituted infringement. But even if it

did, there would be no sound reason to conclude that knowledge of the patent’s validity is similarly required. The Patent Act’s text, structure, and purposes establish that infringement and validity are independent questions. A defendant who believes that a patent is invalid may nonetheless possess knowledge that he is inducing infringement.

**I. SECTION 271(b) DOES NOT REQUIRE KNOWLEDGE OF THE INFRINGING NATURE OF THE INDUCED ACTS, AND A GOOD-FAITH BELIEF IN NON-INFRINGEMENT IS NOT A DEFENSE TO INDUCEMENT LIABILITY**

This Court held in *Global-Tech Appliances, Inc. v. SEB S.A.*, 131 S. Ct. 2060 (2011), that Section 271(b) requires knowledge of the patent in suit. The Court did not definitively resolve whether Section 271(b) additionally requires knowledge of the infringing nature of the induced acts. The Court’s reliance on *Aro Manufacturing Co. v. Convertible Top Replacement Co.*, 377 U.S. 476 (1964), suggests, however, that a patentee may establish the scienter required by Section 271(b) by proving that the inducer knew about the patent and was aware of the patentee’s view that the induced conduct is infringing. Under that approach, which strikes the appropriate balance between the rights of patent holders and the protection of truly innocent inducers, a defendant’s good-faith belief that the induced conduct was not infringing is not a defense to Section 271(b) liability.<sup>1</sup>

---

<sup>1</sup> Because this Court granted certiorari only on the question whether “a defendant’s belief that a patent is invalid is a defense to induced infringement,” Pet. i, the soundness of the court of appeals’ initial premise—that Section 271(b) requires knowledge of



**A. This Court’s Decision In *Global-Tech* Does Not Clearly Resolve Whether Section 271(b) Requires Knowledge Of The Infringing Nature Of The Induced Acts**

1. Section 271(a) defines the acts that constitute direct infringement by providing that “whoever without authority makes, uses, offers to sell, or sells any patented invention \* \* \* infringes the patent.” 35 U.S.C. 271(a). Section 271(a) is a “declaration of what constitutes infringement in the present statute.” S. Rep. No. 1979, 82d Cong., 2d Sess. 8 (1952); H.R. Rep. No. 1923, 82d Cong., 2d Sess. 9 (1952). Because “unauthorized use, without more, constitutes infringement,” *Aro II*, 377 U.S. at 484, a “direct infringer’s knowledge or intent is irrelevant” to his liability under Section 271(a). *Global-Tech*, 131 S. Ct. at 2065 n.2.

Sections 271(b) and (c) define two types of secondary liability. Section 271(b), the provision at issue here, states that “[w]hoever actively induces infringement of a patent shall be liable as an infringer.” 35 U.S.C. 271(b). Section 271(c) imposes secondary liability on any person who sells a component of a patented invention, “knowing the same to be especially made or especially adapted for use in an infringement of such patent.” 35 U.S.C. 271(c). In *Aro II*, the Court construed Section 271(c)’s knowledge requirement to require a showing that the contributory infringer knew that “the combination for which his com-

---

the infringing nature of the induced acts, such that a good-faith belief in non-infringement defeats that scienter—is not squarely before the Court. This brief addresses the knowledge-of-infringement issue, however, because the Federal Circuit’s assumption that such knowledge is required was central to that court’s reasoning. See Pet. App. 11a-13a; Br. in Opp. 8-13.

ponent was especially designed was both patented and infringing.” 377 U.S. at 488. The Court held that the defendant had obtained that required knowledge when it received a letter from the patentee, informing it of the patent and of the patentee’s belief that the defendant’s conduct was infringing. *Id.* at 490-491; see pp. 13-16, *infra*.

2. In *Global-Tech*, this Court addressed the intent required for inducement liability under Section 271(b). The Court explained that Section 271(b)’s reference to “actively induc[ing]” infringement indicates that the defendant must “tak[e] \* \* \* affirmative steps to bring about the desired result,” and that the provision therefore requires “at least some intent.” 131 S. Ct. at 2065. The Court held that Section 271(b) “requires knowledge of the existence of the patent that is infringed,” and that willful blindness as to the existence of the patent could satisfy that requirement. *Id.* at 2068-2070.

In holding that knowledge of the patent is required for inducement liability under Section 271(b), the Court in *Global-Tech* did not purport to conduct an independent examination of that provision’s text and history. Rather, the Court concluded that, as a matter of statutory *stare decisis*, *Aro II*’s construction of Section 271(c)’s knowledge requirement “resolved the question” of the mens rea required by Section 271(b). 131 S. Ct. at 2067. The Court explained that, “[i]n *Aro II*, a majority held that a violator of [Section] 271(c) must know ‘that the combination for which his component was especially designed was both patented and infringing,’ and \* \* \* that conclusion compels this same knowledge for liability under [Section] 271(b).” *Ibid.* (citation omitted). The Court concluded that,

because Sections 271(b) and (c) “have a common origin in the pre-1952 understanding of contributory infringement,” there was no sound reason to construe the two provisions differently. *Id.* at 2068. The Court accordingly held that Section 271(b) “requires knowledge of the existence of the patent that is infringed.” *Id.* at 2068-2070.

*Global-Tech* thus 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 acts constitute 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.*, *ibid.* (“[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. The defendant, which had copied a patented deep fryer in designing its own fryer, argued only that it could not be held liable under Section 271(b) because it was unaware of the underlying pa-

tent. See 131 S. Ct. at 2064. The Court therefore “did not address” whether a defendant may be held liable for inducement when it knows of the patent but “believes that there is no infringement.” 5 Donald S. Chisum, *Chisum on Patents* § 17.02[10], at 17-46 (2014) (*Chisum*).

3. The Federal Circuit has construed *Global-Tech* as reaffirming the court of appeals’ existing precedent holding that Section 271(b) requires knowledge that the induced conduct actually infringes the patent. See *In re Bill of Lading Transmission & Processing Sys. Patent Litig.*, 681 F.3d 1323, 1339 (2012) (discussing *Global-Tech*, 131 S. Ct. at 2068); see also *DSU Med. Corp. v. JMS Co.*, 471 F.3d 1293, 1305-1306 (2006) (en banc). Plausible arguments can be made in support of that interpretation. Section 271(b) provides that the inducer must “actively induce[] *infringement.*” 35 U.S.C. 271(b) (emphasis added). Given *Global-Tech*’s holding that Section 271(b) requires *some* form of scienter beyond the intent to induce the acts that are ultimately found to be infringing, it would be natural to construe the reference to “infringement” to require knowledge that the induced conduct actually practices the patent. As explained below, however, the better view, in light of *Global-Tech*’s holding that *Aro II* controls the construction of Section 271(b), is that such knowledge is not an element of unlawful inducement.

**B. *Aro II* Indicates That Section 271(c) Does Not Require Knowledge That The Induced Acts Constitute Infringement, And Under *Global-Tech*, The Same Construction Applies To Section 271(b)**

*Aro II* indicates that a defendant may be held liable under Section 271(b) if he knows about (or is willfully

blind to) the patent and a plausible allegation of infringement, even if he believes that the induced acts do not actually constitute infringement.

In concluding that Section 271(b) requires (at least) knowledge of the patent, the *Global-Tech* Court did not rely on an independent assessment of Section 271(b)'s text, history, and purposes. Although the Court discerned from Section 271(b)'s text that "some intent is required" it found the text ultimately "inconclusive" with respect to "the question presented"—*i.e.*, whether the required intent was knowledge of actual infringement or merely knowledge of the acts that constitute infringement. 131 S. Ct. at 2065. The Court viewed the "pre-1952 case law that [Section 271(b)] was meant to codify" as similarly "susceptible to conflicting interpretations." *Id.* at 2067. The Court therefore based its construction of Section 271(b)'s knowledge requirement solely on *Aro II*'s interpretation of Section 271(c). *Ibid.*

In *Aro II*, the Court held that Section 271(c) requires knowledge that the "combination for which [the defendant's] component was especially designed was both patented and infringing." 377 U.S. at 488. The Court concluded that its "interpretation of the knowledge requirement affords Aro no defense with respect to replacement-fabric sales made after January 2, 1954." *Id.* at 490. The crucial event that occurred on January 2, 1954, was that the patent holder (AB) sent Aro a letter informing Aro of the relevant patent and of AB's view that Aro's conduct was infringing. *Id.* at 489-490 (describing letter, which asserted that AB owned the patent, that the relevant product sales were not licensed, and that AB believed the sales constituted contributory infringement). The

Court appeared to treat that communication as conclusively establishing Aro’s scienter for purposes of Section 271(e). See *id.* at 490-491.

The Court in *Aro II* did not discuss whether Aro continued to believe, even after receiving AB’s letter, that the conduct it facilitated was actually non-infringing. Thus, although the Court referred to the defendant’s knowledge that the conduct it facilitated “constituted infringement,” 377 U.S. at 488, the Court found that knowledge to be established by Aro’s receipt of an *allegation* of infringement. The Court in *Aro II* focused not on whether the defendant *believed* that the conduct it facilitated was actually infringing, but on whether the defendant had been given adequate warning of the risk of secondary liability.<sup>2</sup>

Accordingly, *Aro II* stands for the proposition that an alleged contributory infringer has the requisite knowledge that the “combination for which his component was especially designed was both patented and infringing,” 377 U.S. at 488, when he knows about the patent and the patentee’s claim that the activity in question is infringing. See 5 R. Carl Moy, *Moy’s Walker on Patents* § 15:24, at 15-150 (4th ed. 2012) (*Walker*) (*Aro II* “held that the defendant was not \* \* \* liable for contributory infringement until it

---

<sup>2</sup> The parties in *Aro II* vigorously contested the question whether the induced conduct constituted direct infringement, and the Court divided five to four on that issue. While the five-Member majority found it “clear” that purchasers of Aro’s product had “committed direct infringement,” 377 U.S. at 483, the four dissenting Justices would have held that no direct infringement had occurred. See *id.* at 519-520 (Black, J., dissenting); Pet. Br. at 29-30, *Aro II*, *supra* (No. 75). It is therefore far from clear whether Aro possessed actual knowledge that the conduct it facilitated constituted infringement.

became aware of both the patent in suit, and the charge that its activities were leading to direct infringement.”); 5 *Chisum* § 17.03[2], at 17-63 to 17-65 (same); see also *Armstrong v. Motorola, Inc.*, 374 F.2d 764, 773 (7th Cir.) (same), cert. denied, 389 U.S. 830 (1967). Since (as the Court subsequently held in *Global-Tech*) Sections 271(b) and (c) impose equivalent scienter requirements, *Aro II* indicates that, at least so long as the defendant is aware of the patent and of plausible allegations that the induced conduct is infringing, he can be held liable under Section 271(b), even if he believes in good faith that the induced conduct does not actually practice the patent.<sup>3</sup>

---

<sup>3</sup> In 2011, Congress enacted 35 U.S.C. 298, which provides that “[t]he failure of an infringer to obtain the advice of counsel with respect to any allegedly infringed patent \* \* \* may not be used to prove that the accused infringer willfully infringed the patent or that the infringer intended to induce infringement of the patent.” Section 298 reflects Congress’s determination that the defendant’s failure to obtain an opinion of counsel should not be used to establish the knowledge required either for willful direct infringement (see 35 U.S.C. 284; pp. 27-28, *infra*) or for inducement liability under Section 271(b). See H.R. Rep. No. 98, 112th Cong., 1st Sess. 53 (2011). Section 298 does not logically imply any particular view as to the precise level of knowledge that Section 271(b) requires. Even if Section 271(b) requires only knowledge of the patent and of an allegation of infringement, Congress could have determined that an accused inducer’s failure to obtain an attorney opinion should not be used as evidence of, *e.g.*, the inducer’s willful blindness with respect to the patent’s existence. Cf. *Global-Tech*, 131 S. Ct. at 2071-2072.

**C. Considerations Of Patent Policy Support Construing Section 271(b) To Require Only Knowledge Of The Patent And The Charge Of Infringement**

Construing Section 271(b) to require only knowledge of the patent, combined with knowledge that the patentee views the induced acts as infringing, strikes an appropriate balance between protecting patent rights and ensuring that accused inducers are not held liable for innocent conduct. Under that interpretation, a patentee can provide the potential inducer with the requisite knowledge by notifying him about the patent and the allegation of infringement.<sup>4</sup> Once the inducer knows about the patent and the patentee's view of its scope, he can order his conduct accordingly, *e.g.*, by modifying his product, maintaining his present course, or (if an actual controversy exists) seeking a judicial ruling to clarify his rights, see *MedImmune, Inc. v. Genentech, Inc.*, 549 U.S. 118, 127-128 (2007).

If the inducer is given such warning and continues to engage in conduct that may induce infringement, he may reasonably be expected to bear the risk of an inducement suit. Under that approach, the inducer cannot be held liable under Section 271(b) if its view of the infringement question is ultimately found to be correct—*i.e.*, if the jury or the court determines that the induced acts do not infringe the patent. See *Lime-light Networks, Inc. v. Akamai Techs., Inc.*, 134 S. Ct.

---

<sup>4</sup> The Patent Act reflects a judgment that notice by the patentee is relevant to the appropriate remedies for infringement. Section 287(a) provides that, if a patented product is not marked as such, an infringer may be liable for damages only for infringement that occurs after the infringer “was notified of the infringement.” 35 U.S.C. 287(a).



2111, 2117 (2014) (explaining that this Court’s “case law leaves no doubt that inducement liability may arise if, but only if, there is direct infringement”) (brackets, ellipsis, citation, and internal quotation marks omitted). But if the induced conduct is found to be infringing, the inducer cannot escape liability by arguing that it (wrongly) believed the patentee’s assertion of rights to be mistaken.

By contrast, if Section 271(b) also requires proof that the alleged inducer subjectively believed that the induced conduct was infringing, the patentee will never be able to confer the requisite knowledge on the inducer. Even when the induced conduct is ultimately found to be infringing, inducers will often be able to identify plausible, good-faith bases for questioning that conclusion. The existence of direct infringement often turns on complex legal and factual questions, such as how to construe the claims of the patent in suit, whether the allegedly infringing technology practices all the elements of the patented technology, and whether the doctrine of equivalents applies. See *Markman v. Westview Instruments, Inc.*, 517 U.S. 370, 384-388 (1996); *Virnetx, Inc. v. Cisco Sys., Inc.*, 767 F.3d 1308, 1321-1323 (Fed. Cir. 2014). As a result, it may often be difficult for the patentee to disprove the defendant’s assertion that it believed the induced conduct to be non-infringing.

**II. EVEN IF A GOOD-FAITH BELIEF IN NON-  
INFRINGEMENT IS TREATED AS A DEFENSE TO  
LIABILITY UNDER SECTION 271(b), IT DOES NOT  
FOLLOW THAT A GOOD-FAITH BELIEF THAT A  
PATENT IS INVALID IS ALSO A DEFENSE**

For the reasons stated above, the Federal Circuit was wrong to assume that the requisite intent under

Section 271(b) includes knowledge of the infringing nature of the induced acts. But even if that premise is accepted, the court of appeals' conclusion does not follow. The text and structure of the Patent Act establish that even an invalid patent can be infringed. A defendant who believes that the patent is invalid therefore does not lack knowledge that the induced conduct infringes the patent. To be sure, if the patent is actually found to *be* invalid, neither the direct infringer nor the person who induces that infringement can be held liable under the Patent Act. But if any challenge to the patent's validity is ultimately rejected, the accused inducer's good-faith belief that the challenge had merit is no defense to liability under Section 271(b).

**A. The Text And Structure Of The Patent Act Establish That A Good-Faith Belief In Invalidity Does Not Negate The Scienter Required By Section 271(b)**

***1. Section 271(b) requires scienter with respect to "infringement," and a belief that the patent is invalid does not negate a defendant's knowledge of "infringement"***

By providing that "[w]hoever actively induces infringement of a patent shall be liable as an infringer," Section 271(b) defines inducement liability in terms of direct infringement. 35 U.S.C. 271(b); see *Limelight*, 134 S. Ct. at 2117. Inducement of infringement thus consists of three elements: an act of direct "infringement," the inducer's active steps to bring about that infringement, and scienter. *Ibid*; see *Global-Tech*, 131 S. Ct. at 2065.

To establish the direct-infringement element of inducement, the patentee must demonstrate only that

the induced parties practiced all the elements of a claimed product or method without authorization. See 35 U.S.C. 271(a) (“whoever without authority makes, uses, offers to sell, or sells any patented invention”); see also *Global-Tech*, 131 S. Ct. at 2065 n.2; *Aro II*, 377 U.S. at 484. The validity of the patent is not an element of direct infringement. See 35 U.S.C. 271(a); 5 *Chisum* § 16.01, at 16-5. Rather, an assertion that the patent is invalid is an affirmative defense that “can preclude enforcement of a patent against otherwise infringing conduct.” 6A *Chisum* § 19.01, at 19-5; cf. *Microsoft Corp. v. i4i Ltd. P’ship*, 131 S. Ct. 2238, 2246 (2011) (defendant must prove invalidity of patent by clear and convincing evidence). A patent can be found to be infringed—because someone has performed all of its elements without authorization—even if it is ultimately found to be invalid and therefore not capable of giving rise to liability. See *Medtronic, Inc. v. Cardiac Pacemakers, Inc.*, 721 F.2d 1563, 1583 (Fed. Cir. 1983) (“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.”). A defendant’s belief that the patent is invalid is likewise irrelevant to direct infringement, since Section 271(a) is a strict-liability tort. *Global-Tech*, 131 S. Ct. at 2065 n.2.

In addition to establishing that the induced conduct constitutes direct infringement, the plaintiff in a Section 271(b) case must prove that the alleged inducer took “affirmative steps to bring about” the infringing conduct. *Global-Tech*, 131 S. Ct. at 2065. The plaintiff must also prove that the defendant was aware of (or was willfully blind to) the patent’s existence. *Id.* at

2065-2068. As explained above, although *Global-Tech* does not resolve whether the defendant must know in addition that the induced conduct actually infringed the patent, the better view is that such knowledge is not required.

Regardless of how that question is ultimately decided, however, Section 271(b) neither requires knowledge of the patent’s validity nor suggests that a good-faith belief in invalidity is a proper defense. Section 271(b) requires that the defendant have “actively induce[d] *infringement*.” 35 U.S.C. 271(b) (emphasis added). As the Court in *Global-Tech* explained, that language indicates that the required scienter concerns “infringement.” 131 S. Ct. at 2065 (Section 271(b) requires intent to bring about the “desired result,” which is infringement.). The inducee’s unauthorized performance of all steps of a patented method constitutes direct “infringement,” even if the patent is ultimately found to be invalid. Thus, even if Section 271(b) is held to require proof that the defendant knew the induced conduct would constitute actual “infringement,” the defendant’s good-faith belief in the invalidity of the patent would not suggest that such knowledge was lacking.<sup>5</sup>

---

<sup>5</sup> The court below asserted that, although a good-faith belief in invalidity will *sometimes* preclude liability, it will not *necessarily* have that effect. Pet. App. 13a & n.1; accord Br. in Opp. 7. Neither the court nor respondent has explained how, if a good-faith belief in invalidity establishes that the defendant “can hardly be said” to have intended to induce infringement, Pet. App. 12a, there could ever be circumstances in which the defendant believed the patent was invalid but still intended to induce infringement. The court also did not explain how the jury should decide whether a defendant who believed the patent was invalid possesses the scienter necessary for inducement liability.

**2. The Federal Circuit’s contrary conclusion was based on the erroneous view that an invalid patent cannot be infringed**

In concluding that there is “no principled distinction” between a good-faith belief in non-infringement and a good-faith belief in invalidity, the Federal Circuit asserted that “[i]t is axiomatic that one cannot infringe an invalid patent.” Pet. App. 11a. In fact, “infringement and invalidity are separate issues under the patent code.” *Id.* at 56a (Reyna, J., dissenting from the denial of rehearing en banc). A patent is infringed, regardless of its validity, if the defendant has practiced all of its elements without authorization. 35 U.S.C. 271(a); *Global-Tech*, 131 S. Ct. at 2065 n.2. Thus, a “more accurate statement” of the law is that a finding of invalidity does not negate the *fact* of infringement, but instead precludes *liability* for that infringement. Pet. App. 57a (Reyna, J., dissenting from the denial of rehearing en banc); accord 6 *Walker* § 17:15, at 17-47 to 17-48 (“Once the patent is \* \* \* held [invalid], no liability for infringement will attach.”).

a. Consistent with that understanding, the Patent Act identifies “[n]oninfringement” and “[i]nvalidity of the patent” as *separate* defenses to an infringement suit. 35 U.S.C. 282(b)(1) and (2).<sup>6</sup> As P.J. Federico,

---

<sup>6</sup> Congress similarly characterized non-infringement and invalidity as separate issues in prohibiting the importation into the United States of articles that “infringe a valid and enforceable United States patent.” 19 U.S.C. 1337(a)(1)(B)(i). By the same token, a company seeking approval for a generic version of a patented brand-name drug may certify to the Food and Drug Administration that the patent “is invalid or will not be infringed by the

one of the architects of the Patent Act of 1952, explained, the defense of “[n]oninfringement” entails the assertion that “the patented invention has not been made, used or sold by the defendant,” while the defense of “[i]nvalidity” includes “most of the usual defenses such as lack of novelty, prior publication, prior public use, [or] lack of invention.” *Commentary on the New Patent Act*, 75 J. Pat. & Trademark Off. Soc’y 161, 215 (1993). If demonstrating the patent’s invalidity were a means of rebutting a charge that infringement has occurred, Congress would not have established invalidity and non-infringement as independent defenses.

b. This Court and the Federal Circuit (until the decision below) have consistently recognized that infringement and validity are independent questions, such that a patent can be infringed whether or not it is ultimately held to be valid.

In *Cardinal Chemical Co. v. Morton International, Inc.*, 508 U.S. 83 (1993), this Court stated that “[a] party seeking a declaratory judgment of invalidity presents a claim independent of the patentee’s charge of infringement.” *Id.* at 96. The Court characterized non-infringement and invalidity as “alternative grounds” for dismissing an infringement suit. *Id.* at 98; accord *Deposit Guar. Nat’l Bank v. Roper*, 445 U.S. 326, 334 (1980) (explaining that an accused infringer “may prevail either by successfully attacking the validity of the patent or by successfully defending the charge of infringement”). The question presented in *Cardinal Chemical* was whether a challenge to the validity of a patent was necessarily mooted by a ruling

---

manufacture, use, or sale of the [company’s generic] drug.” 21 U.S.C. 355(j)(2)(A)(vii)(IV); see 35 U.S.C. 271(e)(5).

that the accused device did not infringe. 508 U.S. at 91. In concluding that the Federal Circuit’s non-infringement holding did not moot the invalidity issue, the Court explained that, if it reviewed the Federal Circuit’s judgment of non-infringement and “reverse[d] that determination”—thereby holding the patent infringed—the Court could go on to consider “the question of validity.” *Id.* at 97. That reasoning presupposed that a court may address infringement, and may conclude that a patent has been infringed, before determining whether the patent is valid.

The Federal Circuit has also consistently held that a patent’s invalidity does not negate infringement, but simply prevents the imposition of liability. The court has occasionally concluded that a particular patent was infringed but invalid. See, e.g., *SmithKline Beecham Corp. v. Apotex Corp.*, 403 F.3d 1331, 1346 (2005), cert. denied, 547 U.S. 1218 (2006); *Fromson v. Advance Offset Plate, Inc.*, 755 F.2d 1549, 1553-1554 (1985); cf. *CEATS, Inc. v. Continental Airlines, Inc.*, 755 F.3d 1356, 1358 (2014) (jury found patent infringed but invalid), petition for cert. pending, No. 14-681 (filed Dec. 4, 2014); *Robert Bosch LLC v. Pylon Mfg. Corp.*, 659 F.3d 1142, 1145 (2011) (same); *Unique Concepts, Inc. v. Brown*, 939 F.2d 1558, 1565 (1991) (Rich, J., dissenting) (“Courts constantly hold claims infringed but invalid.”).

The Federal Circuit has also decided questions of procedure and practice on the understanding that infringement and validity are distinct issues. In *Pandrol USA, LP v. Airboss Railway Products, Inc.*, 320 F.3d 1354 (2003), the court held that an accused infringer had not waived a defense of invalidity by failing to raise it in response to the patentee’s motion for

summary judgment on infringement. The court reasoned that the patentee “did not request summary judgment of liability, only infringement,” and that “Supreme Court precedent and our cases make clear that patent infringement and patent validity are treated as separate issues.” *Id.* at 1364-1365 (citing, *inter alia*, *Cardinal Chem.*, 508 U.S. at 96); see, *e.g.*, *Medtronic*, 721 F.2d at 1583 (same); see also *Tenneco Resins, Inc. v. Reeves Bros.*, 752 F.2d 630, 635 n.4 (Fed. Cir. 1985) (infringement and validity are “distinct and separate issues”). Similarly in *International Medical Prosthetics Research Assocs., Inc. v. Gore Enterprise Holdings, Inc.*, 787 F.2d 572 (1986), the Federal Circuit held that a plaintiff who seeks a declaratory judgment that a patent is invalid may establish an actual controversy by (1) alleging that he faces a threatened infringement action and (2) either contesting infringement or “admit[ting] infringement while asserting that the patent is invalid and that no liability for the infringement can therefore exist.” *Id.* at 575; see, *e.g.*, *A.B. Chance Co. v. RTE Corp.*, 854 F.2d 1307, 1309 (Fed. Cir. 1988).

In sum, as Judge Giles Rich—another of the principal architects of the Patent Act of 1952—put it, the assertion that “invalid claims cannot be infringed” is “a nonsense statement.” See *Spectra-Physics, Inc. v. Coherent, Inc.*, 827 F.2d 1524, 1535 (Fed. Cir.), cert. denied, 484 U.S. 954 (1987).

c. The Federal Circuit therefore erred in concluding that “one cannot infringe an invalid patent.” Pet. App. 11a. Because infringement can exist whether or not the patent is valid, a defendant who believes the patent is invalid may nonetheless know that infringement is occurring. Thus, even if a good-faith belief in



non-infringement were a defense to inducement liability under Section 271(b), it would not follow that a good-faith belief in invalidity is also a defense. An inducer who knows that the induced conduct practices a patent, while believing that the patent is invalid, knows that it is inducing “infringement” as that term is properly understood.

***3. Respondent’s arguments in support of the Federal Circuit’s decision are unpersuasive***

Respondent contends that *Pandrol*, *Medtronic*, and the other decisions discussed above are irrelevant to the question presented here because those decisions involved direct infringement, and the principle that “infringement and validity are separate questions does not foreclose invalidity from affecting the state of mind of an accused *inducer*.” Br. in Opp. 9. That argument is misconceived.

A defendant’s belief in invalidity unquestionably “affect[s] [his] state of mind” (Br. in Opp. 9), and Congress *could* have drafted a statute that made knowledge of a patent’s validity an essential element of unlawful inducement. Nothing in the text of Section 271(b), however, suggests that such knowledge is required under current law. Section 271(b) states that “[w]hoever actively induces infringement of a patent shall be liable as an infringer.” 35 U.S.C. 271(b). Even if Section 271(b) is read to require knowledge that the induced conduct constitutes “infringement,” that simply means that the defendant must be shown to have deliberately brought about the unauthorized practice of a patent. Because even an invalid patent may be infringed, proof of intent to bring about unauthorized practice of the patent is sufficient to show that the defendant “actively induce[d] infringement,”

regardless of the defendant’s state of mind concerning the patent’s validity.<sup>7</sup>

Respondent also relies on two Federal Circuit decisions for the proposition, rejected by the numerous authorities discussed above, that “‘patent infringement’ cannot exist if the asserted patent is invalid.” Br. in Opp. 9-10 (citing *Prima Tek II, L.L.C. v. Polypap, S.A.R.L.*, 412 F.3d 1284, 1291 (Fed. Cir. 2005), and *Richdel, Inc. v. Sunspool Corp.*, 714 F.2d 1573, 1580 (Fed. Cir. 1983)); see Pet. App. 11a-12a. Both decisions stated that “there can be no \* \* \* induced infringement of invalid patent claims.” *Prima Tek II*, 412 F.3d at 1291. In both decisions, however, the court simply explained that it was unnecessary to resolve allegations of infringement when the patent had been held invalid. Nothing turned on the court’s description of invalidity as precluding infringement, rather than simply precluding liability for infringement. Those isolated statements therefore are entitled to no meaningful weight.

Finally, respondent relies (Br. in Opp. 12-13) on the fact that, under Federal Circuit precedent, a “reasonable belief of invalidity is recognized as a defense to a charge of willful infringement.” Those decisions do

---

<sup>7</sup> Respondent also relies (Supp. Br. 6; Br. in Opp. 10 n.4) on this Court’s statement in *Metro-Goldwyn-Mayer Studios Inc. v. Grokster, Ltd.*, 545 U.S. 913, 937 (2005), that inducement liability targets “purposeful, culpable expression and conduct.” *Ibid.* In *Global-Tech*, the Court stated that the *Grokster* “dicta \* \* \* may be read as interpreting the pre-1952 cases” to require that a defendant “knew of the patent” and intended to facilitate the infringing use. 131 S. Ct. at 2066-2067 (citation omitted). A good-faith belief that the patent is invalid would vitiate that “culpable” knowledge only if an invalid patent could not be infringed. For the reasons stated in the text, that is not the case.

not support respondent's view that a belief in the patent's invalidity is also a defense to inducement liability under Section 271(b).

Under Section 284 of the Patent Act, courts may "increase the damages up to three times the amount" of actual damages in appropriate cases. 35 U.S.C. 284; see *Aro II*, 377 U.S. at 508. Although Section 284 does not provide any standard for determining when increased damages should be awarded, the Federal Circuit has held that enhanced damages may be appropriate when the infringer has acted willfully, *i.e.*, when it "act[s] despite an objectively high likelihood that its actions constitute[] infringement of a *valid* patent." *In re Seagate Tech., LLC*, 497 F.3d 1360, 1371 (2007) (emphasis added), cert. denied, 552 U.S. 1230 (2008); see Pet. App. 23a (Newman, J., concurring in part and dissenting in part). Because the standard for determining when a defendant has willfully infringed is judicially created rather than statutorily prescribed, it sheds no light on Congress's understanding of the scienter required under Section 271(b). And because the purpose of awarding enhanced damages is to punish those defendants whose conduct is egregious in a way that run-of-the-mine infringement is not, see *Aro II*, 377 U.S. at 508, it is unsurprising that a finding of willfulness requires a more culpable mental state than does the imposition of inducement liability.

**B. Treating A Good-Faith Belief In Invalidity As a Defense To Inducement Liability Would Substantially Undermine Section 271(b)'s Efficacy In Enforcing Patent Rights**

1. The Federal Circuit did not identify any reason to conclude that adding belief in invalidity to the

available defenses to inducement is justified by patent-policy concerns. Although a good-faith belief in invalidity has never previously been recognized as a defense to inducement, there is no indication that inducement liability has swept too broadly, or discouraged innovation, in the absence of the defense. See Pet. App. 59a (Reyna, J., dissenting from the denial of rehearing en banc). Any accused inducer who believes that the patent in suit is invalid may challenge the patent by raising an affirmative defense to the patentee's suit, filing a declaratory-judgment action, or filing a petition for review before the PTO. See *MedImmune*, 549 U.S. at 127-128; 35 U.S.C. 311, 321. If the inducer establishes that the patent is actually invalid, that is a complete defense to any inducement claim.

Nor does the defense serve the interests underlying the Patent Act. While adjudicating the validity of patents serves the public interest in ensuring against "grant[ing] monopoly privileges to the holders of invalid patents," *Cardinal Chem.*, 508 U.S. at 101, adjudicating the defendant's belief in invalidity does not serve that purpose. Indeed, the cases in which the belief-in-invalidity defense will be outcome-determinative are those in which the patent is held to be valid, but the factfinder concludes that the defendant wrongly held a contrary view.

The possibility of being sued for direct or indirect infringement encourages further innovation by giving commercial actors an additional incentive to design around existing patents. See *Slimfold Mfg. Co. v. Kinkead Indus.*, 932 F.2d 1453, 1457 (Fed. Cir. 1991). Although recognition of a belief-in-non-infringement defense is ultimately unwarranted (see pp. 9-18, *su-*

*pra*), such a defense would at least reward inducers who have made sincere (though unsuccessful) efforts to design around patents, since proof of such efforts would help to buttress the asserted defense. A belief-in-invalidity defense would provide no similar encouragement to avoid infringement, but would simply encourage inducers to develop invalidity theories.

2. Recognizing a belief-in-invalidity defense would also substantially diminish the efficacy of Section 271(b) in protecting patent holders' exclusive rights. "[I]t is often more difficult to determine whether a patent is valid than whether it has been infringed." *Cardinal Chem.*, 508 U.S. at 99. In the class of cases where the availability of the defense would be outcome-determinative—*i.e.*, those cases where the patent is ultimately found to be both valid and infringed—accused inducers therefore can plausibly claim a good-faith belief in invalidity even more often than they can plausibly claim a good-faith belief in non-infringement. Invalidity questions often turn on numerous fact-specific assessments, such as the state of the art at the time of the invention, the "scope and content of the prior art," and the "differences between the prior art and the claims at issue." *Graham v. John Deere Co.*, 383 U.S. 1, 17 (1966) (obviousness). They may also often involve an analysis of whether the claims "inform those skilled in the art about the scope of the invention with reasonable certainty," *Nautilus, Inc. v. Biosig Instruments, Inc.*, 134 S. Ct. 2120, 2129 (2014), or whether the claims enable others to make and use the invention, see 35 U.S.C. 112.

As a result, accused inducers are likely to raise the new defense in most if not all Section 271(b) cases. Indeed, patent practitioners are already advising their

clients that, when they are notified by a patent holder that they may be inducing infringement, they should quickly obtain an “opinion of counsel” to support a claim of a good-faith belief in invalidity, because such an opinion “can be particularly helpful” in “avoid[ing] inducement liability.” *E.g.*, Brian D. Coggio, *Avoid Inducement Liability With Early Opinion Of Counsel* (Mar. 21, 2014), <http://www.law360.com/articles/516267/avoid-inducement-liability-with-early-opinion-of-counsel>. Because the accused infringer’s belief in invalidity need only be held in good faith, and need not be meritorious or even objectively reasonable, see Pet. App. 20a, it will often be difficult for the patentee to rebut the defense.<sup>8</sup>

The availability of the defense also may render inducement litigation substantially more burdensome. An accused inducer may assert that it had a good-faith belief in multiple theories of invalidity—even theories that it does not intend to use in actually challenging the validity of the patent at trial. See Nathan A.

---

<sup>8</sup> Throughout its brief in opposition (at 7-12), respondent characterized the necessary belief in invalidity as a “*reasonable* belief.” Although the reasonableness of the belief may be relevant evidence that it was held in good faith, the Federal Circuit’s opinion makes clear that objective reasonableness is not a prerequisite to establishing the defense. Pet. App. 11a-12a, 20a. A requirement of objective reasonableness would narrow the circumstances in which an inducer could avoid liability. But it would also be in tension with *Global-Tech*, which indicates that even “deliberate indifference to a known risk that a patent exists” is insufficient to establish Section 271(b)’s scienter element. 131 S. Ct. at 2068. If knowledge of the patent’s validity were treated for this purpose as analogous to knowledge of the patent’s existence, there would be no evident justification for requiring an objectively reasonable belief that the patent was invalid.

Sloan, *Think it is Invalid? A New Defense to Negate Intent for Induced Infringement*, 23 Fed. Cir. B.J. 613, 618 (2014) (“[p]resenting two sets of prior art,” one supporting a good-faith belief in invalidity, and one supporting an actual challenge to the patent’s validity, “provides two bites at the same apple”). The patentee will then need to rebut the defendant’s asserted belief in multiple theories of invalidity, which will necessitate additional discovery and increase the number and complexity of the issues the jury must resolve.

If a good-faith belief in invalidity is a defense to an inducement suit, moreover, there is no reason that a defendant’s good-faith belief in any other potential ground for avoiding infringement liability should not also be a defense. Section 282 provides several other defenses to infringement liability, including that the patentee procured the patent by committing fraud on the PTO, or that the patentee engaged in patent misuse. See generally 35 U.S.C. 282; 6A *Chisum* § 19.01, at 19-5 to 19-9. If the Federal Circuit’s reasoning is taken to its logical conclusion, accused inducers will have a plethora of good-faith defenses that will greatly reduce patentees’ ability to establish inducement.

Inducement liability provides an important means of enforcing patent rights. Although the Federal Circuit’s belief-in-invalidity defense would not limit the patent holder’s rights against direct infringers under Section 271(a), Section 271(b) reflects Congress’s understanding that it is often impractical or impossible to enforce those rights against all direct infringers. Cf. *Aro II*, 377 U.S. at 511 (explaining that the purpose of Section 271(c) “is essentially, as was stated in the earlier versions of the bill that became

[Section] 271(c), ‘to provide for the protection of patent rights where enforcement against direct infringers is impracticable’”) (quoting H.R. 5988, 80th Cong., 2d Sess. 1 (1948); H.R. 3866, 81st Cong., 1st Sess. 1 (1949)); *ibid.* (noting testimony of Giles Rich that “[t]here may be twenty or thirty percent of all the patents that are granted that cannot practically be enforced against direct infringers”) (citation omitted); *Metro-Goldwyn-Mayer Studios Inc. v. Grokster, Ltd.*, 545 U.S. 913, 929-930 (2005) (explaining that principles of secondary liability serve an analogous function in copyright cases). Affirmance of the judgment below would substantially undermine that function by engrafting onto Section 271(b) an additional scienter requirement that is difficult to satisfy and is not justified by the Patent Act’s text and structure.

#### CONCLUSION

The judgment of the court of appeals should be vacated and the case remanded for further proceedings.

Respectfully submitted.

SARAH T. HARRIS  
*General Counsel*  
 NATHAN K. KELLEY  
*Solicitor*  
 THOMAS W. KRAUSE  
*Deputy Solicitor*  
 FRANCES M. LYNCH  
 BRIAN T. RACILLA  
*Associate Solicitors*  
*United States Patent and*  
*Trademark Office*

DONALD B. VERRILLI, JR.  
*Solicitor General*  
 JOYCE R. BRANDA  
*Acting Assistant Attorney*  
*General*  
 MALCOLM L. STEWART  
*Deputy Solicitor General*  
 GINGER D. ANDERS  
*Assistant to the Solicitor*  
*General*  
 MARK R. FREEMAN  
 THOMAS PULHAM  
*Attorneys*

JANUARY 2015



## APPENDIX

1. 35 U.S.C. 271 provides:

### **Infringement of patent**

(a) Except as otherwise provided in this title, whoever without authority makes, uses, offers to sell, or sells any patented invention, within the United States or imports into the United States any patented invention during the term of the patent therefor, infringes the patent.

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

(c) Whoever offers to sell or sells within the United States or imports into the United States a component of a patented machine, manufacture, combination or composition, or a material or apparatus for use in practicing a patented process, constituting a material part of the invention, knowing the same to be especially made or especially adapted for use in an infringement of such patent, and not a staple article or commodity of commerce suitable for substantial non-infringing use, shall be liable as a contributory infringer.

(d) No patent owner otherwise entitled to relief for infringement or contributory infringement of a patent shall be denied relief or deemed guilty of misuse or illegal extension of the patent right by reason of his having done one or more of the following: (1) derived revenue from acts which if performed by another without his consent would constitute contributory infringement of the patent; (2) licensed or authorized another

(1a)

to perform acts which if performed without his consent would constitute contributory infringement of the patent; (3) sought to enforce his patent rights against infringement or contributory infringement; (4) refused to license or use any rights to the patent; or (5) conditioned the license of any rights to the patent or the sale of the patented product on the acquisition of a license to rights in another patent or purchase of a separate product, unless, in view of the circumstances, the patent owner has market power in the relevant market for the patent or patented product on which the license or sale is conditioned.

(e)(1) It shall not be an act of infringement to make, use, offer to sell, or sell within the United States or import into the United States a patented invention (other than a new animal drug or veterinary biological product (as those terms are used in the Federal Food, Drug, and Cosmetic Act and the Act of March 4, 1913) which is primarily manufactured using recombinant DNA, recombinant RNA, hybridoma technology, or other processes involving site specific genetic manipulation techniques) solely for uses reasonably related to the development and submission of information under a Federal law which regulates the manufacture, use, or sale of drugs or veterinary biological products.

(2) It shall be an act of infringement to submit—

(A) an application under section 505(j) of the Federal Food, Drug, and Cosmetic Act or described in section 505(b)(2) of such Act for a drug claimed in a patent or the use of which is claimed in a patent,

(B) an application under section 512 of such Act or under the Act of March 4, 1913 (21 U.S.C. 151-158) for a drug or veterinary biological product which is not primarily manufactured using recombinant DNA, recombinant RNA, hybridoma technology, or other processes involving site specific genetic manipulation techniques and which is claimed in a patent or the use of which is claimed in a patent, or

(C)(i) with respect to a patent that is identified in the list of patents described in section 351(l)(3) of the Public Health Service Act (including as provided under section 351(l)(7) of such Act), an application seeking approval of a biological product, or

(ii) if the applicant for the application fails to provide the application and information required under section 351(l)(2)(A) of such Act, an application seeking approval of a biological product for a patent that could be identified pursuant to section 351(l)(3)(A)(i) of such Act,

if the purpose of such submission is to obtain approval under such Act to engage in the commercial manufacture, use, or sale of a drug, veterinary biological product, or biological product claimed in a patent or the use of which is claimed in a patent before the expiration of such patent.

(3) In any action for patent infringement brought under this section, no injunctive or other relief may be granted which would prohibit the making, using, offering to sell, or selling within the United States or

importing into the United States of a patented invention under paragraph (1).

(4) For an act of infringement described in paragraph (2)—

(A) the court shall order the effective date of any approval of the drug or veterinary biological product involved in the infringement to be a date which is not earlier than the date of the expiration of the patent which has been infringed,

(B) injunctive relief may be granted against an infringer to prevent the commercial manufacture, use, offer to sell, or sale within the United States or importation into the United States of an approved drug, veterinary biological product, or biological product,

(C) damages or other monetary relief may be awarded against an infringer only if there has been commercial manufacture, use, offer to sell, or sale within the United States or importation into the United States of an approved drug, veterinary biological product, or biological product, and

(D) the court shall order a permanent injunction prohibiting any infringement of the patent by the biological product involved in the infringement until a date which is not earlier than the date of the expiration of the patent that has been infringed under paragraph (2)(C), provided the patent is the subject of a final court decision, as defined in section 351(k)(6) of the Public Health Service Act, in an action for infringement of the patent under section 351(l)(6) of such Act, and the biological product

has not yet been approved because of section 351(k)(7) of such Act.

The remedies prescribed by subparagraphs (A), (B), (C), and (D) are the only remedies which may be granted by a court for an act of infringement described in paragraph (2), except that a court may award attorney fees under section 285.

(5) Where a person has filed an application described in paragraph (2) that includes a certification under subsection (b)(2)(A)(iv) or (j)(2)(A)(vii)(IV) of section 505 of the Federal Food, Drug, and Cosmetic Act (21 U.S.C. 355), and neither the owner of the patent that is the subject of the certification nor the holder of the approved application under subsection (b) of such section for the drug that is claimed by the patent or a use of which is claimed by the patent brought an action for infringement of such patent before the expiration of 45 days after the date on which the notice given under subsection (b)(3) or (j)(2)(B) of such section was received, the courts of the United States shall, to the extent consistent with the Constitution, have subject matter jurisdiction in any action brought by such person under section 2201 of title 28 for a declaratory judgment that such patent is invalid or not infringed.

(6)(A) Subparagraph (B) applies, in lieu of paragraph (4), in the case of a patent—

(i) that is identified, as applicable, in the list of patents described in section 351(l)(4) of the Public Health Service Act or the lists of patents described

in section 351(l)(5)(B) of such Act with respect to a biological product; and

(ii) for which an action for infringement of the patent with respect to the biological product—

(I) was brought after the expiration of the 30-day period described in subparagraph (A) or (B), as applicable, of section 351(l)(6) of such Act; or

(II) was brought before the expiration of the 30-day period described in subclause (I), but which was dismissed without prejudice or was not prosecuted to judgment in good faith.

(B) In an action for infringement of a patent described in subparagraph (A), the sole and exclusive remedy that may be granted by a court, upon a finding that the making, using, offering to sell, selling, or importation into the United States of the biological product that is the subject of the action infringed the patent, shall be a reasonable royalty.

(C) The owner of a patent that should have been included in the list described in section 351(l)(3)(A) of the Public Health Service Act, including as provided under section 351(l)(7) of such Act for a biological product, but was not timely included in such list, may not bring an action under this section for infringement of the patent with respect to the biological product.

(f)(1) Whoever without authority supplies or causes to be supplied in or from the United States all or a substantial portion of the components of a patented invention, where such components are uncombined in whole or in part, in such manner as to actively induce

the combination of such components outside of the United States in a manner that would infringe the patent if such combination occurred within the United States, shall be liable as an infringer.

(2) Whoever without authority supplies or causes to be supplied in or from the United States any component of a patented invention that is especially made or especially adapted for use in the invention and not a staple article or commodity of commerce suitable for substantial noninfringing use, where such component is uncombined in whole or in part, knowing that such component is so made or adapted and intending that such component will be combined outside of the United States in a manner that would infringe the patent if such combination occurred within the United States, shall be liable as an infringer.

(g) Whoever without authority imports into the United States or offers to sell, sells, or uses within the United States a product which is made by a process patented in the United States shall be liable as an infringer, if the importation, offer to sell, sale, or use of the product occurs during the term of such process patent. In an action for infringement of a process patent, no remedy may be granted for infringement on account of the noncommercial use or retail sale of a product unless there is no adequate remedy under this title for infringement on account of the importation or other use, offer to sell, or sale of that product. A product which is made by a patented process will, for purposes of this title, not be considered to be so made after—

(1) it is materially changed by subsequent processes; or

(2) it becomes a trivial and nonessential component of another product.

(h) As used in this section, the term “whoever” includes any State, any instrumentality of a State, and any officer or employee of a State or instrumentality of a State acting in his official capacity. Any State, and any such instrumentality, officer, or employee, shall be subject to the provisions of this title in the same manner and to the same extent as any nongovernmental entity.

(i) As used in this section, an “offer for sale” or an “offer to sell” by a person other than the patentee, or any designee of the patentee, is that in which the sale will occur before the expiration of the term of the patent.

2. 35 U.S.C. 282 provides:

**Presumption of validity; defenses**

(a) IN GENERAL.—A patent shall be presumed valid. Each claim of a patent (whether in independent, dependent, or multiple dependent form) shall be presumed valid independently of the validity of other claims; dependent or multiple dependent claims shall be presumed valid even though dependent upon an invalid claim. The burden of establishing invalidity of a patent or any claim thereof shall rest on the party asserting such invalidity.



(b) DEFENSES.—The following shall be defenses in any action involving the validity or infringement of a patent and shall be pleaded:

(1) Noninfringement, absence of liability for infringement or unenforceability.

(2) Invalidity of the patent or any claim in suit on any ground specified in part II as a condition for patentability.

(3) Invalidity of the patent or any claim in suit for failure to comply with—

(A) any requirement of section 112, except that the failure to disclose the best mode shall not be a basis on which any claim of a patent may be canceled or held invalid or otherwise unenforceable; or

(B) any requirement of section 251.

(4) Any other fact or act made a defense by this title.

(c) NOTICE OF ACTIONS; ACTIONS DURING EXTENSION OF PATENT TERM.—In an action involving the validity or infringement of a patent the party asserting invalidity or noninfringement shall give notice in the pleadings or otherwise in writing to the adverse party at least thirty days before the trial, of the country, number, date, and name of the patentee of any patent, the title, date, and page numbers of any publication to be relied upon as anticipation of the patent in suit or, except in actions in the United States Court of Federal Claims, as showing the state of the art, and the name and address of any person who may be relied upon as

the prior inventor or as having prior knowledge of or as having previously used or offered for sale the invention of the patent in suit. In the absence of such notice proof of the said matters may not be made at the trial except on such terms as the court requires. Invalidity of the extension of a patent term or any portion thereof under section 154(b) or 156 because of the material failure—

- (1) by the applicant for the extension, or
- (2) by the Director,

to comply with the requirements of such section shall be a defense in any action involving the infringement of a patent during the period of the extension of its term and shall be pleaded. A due diligence determination under section 156(d)(2) is not subject to review in such an action.