

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 ELECTRONIC FRONTIER
FOUNDATION AS *AMICUS CURIAE*
IN SUPPORT OF RESPONDENT**

VERA RANIERI
Counsel of Record
DANIEL K. NAZER
MICHAEL BARCLAY
ELECTRONIC FRONTIER FOUNDATION
815 Eddy Street
San Francisco, CA 94109
(415) 436-9333
vera@eff.org

*Attorneys for Amicus Curiae
Electronic Frontier Foundation*

February 26, 2015

258116



COUNSEL PRESS

(800) 274-3321 • (800) 359-6859

TABLE OF CONTENTS

	<i>Page</i>
TABLE OF CONTENTS.....	i
TABLE OF CITED AUTHORITIES	iv
STATEMENT OF IDENTITY AND INTEREST OF <i>AMICUS CURIAE</i>	1
INTRODUCTION AND SUMMARY OF ARGUMENT	2
ARGUMENT.....	3
I. The Statutory Framework of Indirect Infringement Requires a High Level of Intent to Cause Infringement for Inducement Liability.....	3
A. The Issue of Whether § 271 Requires Knowledge of the Infringing Nature of the Accused Acts Is Not Properly Before the Court	4
B. Recognizing Inducement Liability Absent an Intent to Cause Infringement Would Ignore the Statutory Scheme	5
C. The Analogous Standard in Copyright Supports Requiring a Showing of Intent to Cause Infringement	9

Table of Contents

	<i>Page</i>
II. Section 271(b) Requires a Showing of Intent to Cause the Violation of the Rights and Privileges of Another, Which May Be Negated by a Good-Faith, Mistaken Belief as to the Facts or Law.....	14
A. Infringement Is the Violation of Rights; Absent Rights, There Can Be No Infringement	14
B. The Rights of Patent Owners Are Defined by the Patent’s Claims, Whose Construction Impacts Myriad Issues Relating to Infringement and Validity	17
C. An Incorrect Belief as to the Scope of Patent Rights May Negate the Intent Requirement	22
III. The Defense of a Good-Faith Belief that Patent Rights Are Not Being Violated Encourages Clearer Claims, Specifications, and Prosecution Histories	24
A. A Defense Based on a Good-Faith Belief That The Induced Acts Are Not Protected By a Valid Patent Encourages Patent Owners to More Clearly Describe Their Inventions, to the Benefit of the Patent Office and the Public	25

Table of Contents

	<i>Page</i>
B. Given the Relative Positions of Patent Owners, the Patent Office, and Accused Inducers, the Risk of Unclear Claims is Appropriately Placed on the Patent Owner	27
CONCLUSION	30

TABLE OF CITED AUTHORITIES

	<i>Page</i>
Cases	
<i>3M Innovative Props. Co. v. Tredegar Corp.</i> , 725 F.3d 1315 (Fed. Cir. 2013)	20, 21, 27
<i>Alice Corp. Pty. Ltd. v. CLS Bank Int’l</i> , 134 S. Ct. 2347 (2014)	23
<i>Auto. Techs. Int’l, Inc. v. BMW of N. Am., Inc.</i> , 501 F.3d 1274 (Fed. Cir. 2007)	21
<i>Broadcom Corp. v. Qualcomm, Inc.</i> , 543 F.3d 683 (Fed. Cir. 2008)	9
<i>Feist Publ’ns, Inc. v. Rural Tel. Serv. Co.</i> , 499 U.S. 340 (1991)	16-17
<i>Gen. Elec. Co. v. Wabash Appliance Corp.</i> , 304 U.S. 364 (1938)	24
<i>Global-Tech Appliances, Inc. v. SEB S.A.</i> , 131 S. Ct. 2060 (2011)	<i>passim</i>
<i>Grober v. Mako Prods., Inc.</i> , 686 F.3d 1335 (Fed. Cir. 2012)	20
<i>Halliburton Energy Servs., Inc. v. M-I LLC</i> , 514 F.3d 1244 (Fed. Cir. 2008)	27
<i>Lear, Inc. v. Adkins</i> , 395 U.S. 653 (1969)	16

Cited Authorities

	<i>Page</i>
<i>Limelight Networks, Inc. v. Akamai Techs., Inc.</i> , 134 S. Ct. 2111 (2014)	<i>passim</i>
<i>Lochner Techs., LLC v. Vizio, Inc.</i> , 567 F. App'x 931 (Fed. Cir. 2014)	21
<i>Mahurkar v. C.R. Bard, Inc.</i> , 79 F.3d 1572 (Fed. Cir. 1996)	19, 20
<i>Markman v. Westview Instruments, Inc.</i> , 517 U.S. 370 (1996)	18
<i>Metro-Goldwyn-Mayer Studios Inc. v.</i> <i>Grokster, Ltd.</i> , 545 U.S. 913 (2005).	<i>passim</i>
<i>Nautilus, Inc. v. Biosig Instruments, Inc.</i> , 134 S. Ct. 2120 (2014).	23, 28
<i>Oak Indus., Inc. v. Zenith Elecs. Corp.</i> , 697 F. Supp. 988 (N.D. Ill. 1988).	8
<i>Retractable Tech. Inc. v.</i> <i>Becton, Dickinson & Co.</i> , 653 F.3d 1296 (Fed. Cir. 2011)	29
<i>Schering Corp. v. Geneva Pharms, Inc.</i> , 339 F.3d 1373 (Fed. Cir. 2003)	19
<i>Sony Corp. of Am. v.</i> <i>Universal City Studios, Inc.</i> , 464 U.S. 417 (1984)	10, 13

Cited Authorities

	<i>Page</i>
<i>Teva Pharms. USA Inc. v. Sandoz, Inc.</i> , 135 S. Ct. 831 (2015).....	18, 21, 23, 28
<i>UMG Recordings, Inc. v.</i> <i>Shelter Capital Partners LLC</i> , 718 F.3d 1006 (9th Cir. 2013).....	12
<i>Viacom Int’l Inc. v. YouTube, Inc.</i> , 940 F. Supp. 2d 110 (S.D.N.Y. 2013)	12

Statutes

17 U.S.C. § 410(c)	17
35 U.S.C. § 101	15
35 U.S.C. § 102.....	15
35 U.S.C. § 102(a).....	18, 19
35 U.S.C. § 103.....	15
35 U.S.C. § 112(b)	17, 25
35 U.S.C. § 271(a).....	14, 15
35 U.S.C. § 271(b).....	<i>passim</i>
35 U.S.C. § 271(c).....	6, 7, 8

Cited Authorities

	<i>Page</i>
35 U.S.C. § 282(a).....	16
35 U.S.C. § 282(b)	15
35 U.S.C. § 298.....	9
Legislative Materials	
H.R. Rep. No. 98, 112th Cong. 1st Sess. (2011)	9
Other Authorities	
Black’s Law Dictionary (10th ed. 2014).....	16, 17
Federal Trade Commission, <i>The Evolving IP Marketplace: Aligning Patent Notice and Remedies With Competition</i> (2011).....	25, 26
Federal Trade Commission, <i>To Promote Innovation: The Proper Balance of Competition and Patent Law and Policy</i> (2003)	27
Lee Petherbridge, <i>Positive Examination</i> , 46 IDEA 173 (2006)	25, 26, 27
Michael Frakes & Melissa Wasserman, <i>Is the Time Allocated to Review Patent Applications Inducing Examiners to Grant Invalid Patents?: Evidence from Micro-Level Application Data</i> , NBER Working Paper No. 20337, July 2014	26

Cited Authorities

	<i>Page</i>
P.J. Federico, <i>Commentary On The New Patent Act</i> , 75 J. Pat. & Trademark Off. Soc’y 161 (1952)	8
Saurabh Vishnubhakat, <i>An Intentional Tort Theory of Patents</i> , Sept. 5, 2014.	14
Ted M. Sichelman, <i>Commercializing Patents</i> , 62 Stan. L. Rev. 341 (2010)	27

**STATEMENT OF IDENTITY AND INTEREST OF
*AMICUS CURIAE*¹**

The Electronic Frontier Foundation (“EFF”) is a nonprofit civil liberties organization that has worked for almost 25 years to protect consumer interests, innovation, and free expression in the digital world. EFF and its more than 25,000 dues-paying members have a strong interest in helping the courts and policy-makers in striking the appropriate balance between intellectual property and the public interest.

As part of its mission, EFF has often served as amicus in key patent cases, including *Alice Corp. Pty. Ltd. v. CLS Bank International*, 134 S. Ct. 2347 (2014) (“*Alice*”); *Limelight Networks, Inc. v. Akamai Technologies, Inc.*, 134 S. Ct. 2111 (2014) (“*Akamai*”); *Nautilus, Inc. v. Biosig Instruments, Inc.*, 134 S. Ct. 2120 (2014) (“*Nautilus*”); *Octane Fitness, LLC v. ICON Health & Fitness, Inc.*, 134 S. Ct. 1749 (2014); *Microsoft Corp. v. i4i Ltd. P’ship*, 131 S. Ct. 2238 (2011); *Bilski v. Kappos*, 561 U.S. 593 (2010); and *Quanta Computer, Inc. v. LG Elecs. Corp.*, 553 U.S. 617 (2008).

1. No counsel for a party authored this brief in whole or in part, and no such counsel or party made a monetary contribution intended to fund the preparation or submission of this brief. No person other than the amicus curiae, or its counsel, made a monetary contribution intended to fund its preparation or submission. Both Petitioner’s and Respondent’s counsel consented to the filing of this brief in writing.

INTRODUCTION AND SUMMARY OF ARGUMENT

In this case, the Federal Circuit correctly held that a good-faith belief—albeit a mistaken belief—that a patent is invalid is relevant to whether a party induced infringement under 35 U.S.C. § 271(b). The Federal Circuit based its holding on the fact that liability under § 271(b) requires intent to cause infringement. This legal foundation for the Federal Circuit’s holding not only comports with this Court’s recent discussions of inducement liability in *Limelight Networks, Inc. v. Akamai Technologies, Inc.*, 134 S. Ct. 2111 (2014), and *Global-Tech Appliances, Inc. v. SEB S.A.*, 131 S. Ct. 2060 (2011), it is also necessary to give effect to patent law’s statutory scheme. Moreover, it is consistent with the analogous doctrine in copyright. Indeed, the Federal Circuit’s understanding of the intent requirement for § 271(b) was undisputed between the parties and did not seem to be at issue in this appeal, until Commil suggested otherwise in its merits brief.

Instead, the question presented asks whether a good-faith belief that a patent is invalid may show that an accused inducer did not intend to cause infringement. This question is easily answered in the affirmative. The statutory framework for inducement supports such a defense. More generally, inducement liability, precisely described, necessarily requires an intent to induce an invasion of the rights of others. Finally, a meaningful intent requirement benefits the public.

An accused inducer can—and often does—reasonably and in good-faith believe that he does not induce any act that violates the rights of others. That is because, all too

often, those rights are difficult to define. Patent owners, encouraged by rules that often favor vagueness over clarity, frequently assert claims that are not well-defined until a court construes them. And this construction can affect both the scope and the validity of the patent.

Patent claims are meant to inform the public as to the scope of the invention, so that the public can know what is and is *not* covered by the patent. By acknowledging that a failure to put an alleged inducer on notice as to the scope of exclusive rights may give rise to a defense, this Court would encourage patent owners to be as clear as possible in their claiming. This in turn would encourage better examination processes, and improve the public's ability to rely on the resulting patent as a true identification of legitimate exclusive rights.

This Court should reject Commil's proposed standard and confirm that an intent to cause infringement is required to be liable under 35 U.S.C. § 271(b). This Court should further confirm that a good-faith belief that the accused acts are outside the scope of the patent grant, whether by patent invalidity or otherwise, may negate that intent.

ARGUMENT

I. The Statutory Framework of Indirect Infringement Requires a High Level of Intent to Cause Infringement for Inducement Liability

In its brief, Commil argues that intent to cause infringement is not required by *Global-Tech Appliances Inc. v. SEB S.A.*, 131 S. Ct. 2060 (2011) ("*Global-Tech*"),

despite previously acknowledging the contrary. *Compare* Pet. Br. Part I *with* Pet. for Cert. 12. This argument is both procedurally and substantively incorrect.

As an initial matter, this novel analysis should be dismissed because it is not properly before the Court. Even if it were, however, the theory cannot be squared with well-established patent law and policy. Commil and the Solicitor General incorrectly reduce inducement liability to little more than knowledge of the patent and an intent to cause acts which the *patent owner* believes are within the scope of the patent grant. *See* Pet. Br. 14; U.S. Br. 9-18. That is not enough.

A. The Issue of Whether § 271 Requires Knowledge of the Infringing Nature of the Accused Acts Is Not Properly Before the Court

As the Solicitor General acknowledges, whether a lack of knowledge of the infringing nature of induced acts is a defense to inducement “is not squarely before the Court.” U.S. Br. 9-10 n.1. Indeed, Commil conceded the question in requesting certiorari. Pet. for Cert. 12, 24 (“the Court held [in *Global-Tech*] that inducement requires intent to cause a third party to infringe, not just intent to cause a third party to act in a manner that happens to be infringing”).

To the extent Commil could be said to have argued for a change in the law that induced infringement under § 271(b) requires knowledge that the induced acts constitute patent infringement, it did so in connection with its second question presented for certiorari. *See* Reply to Pet. for Cert. 4. However, this Court declined to hear that issue, consistent with the suggestion of the Solicitor

General. *See* U.S. Br. as Amicus Curiae 17 (October 16, 2014) (“Commil does not challenge the Federal Circuit’s understanding of the legal rule announced in *Global-Tech*”); S. Ct. Order Granting Certiorari (Dec. 5, 2014).

This is not an inconsequential issue. The unintended consequences of adopting Commil’s theory have not been fully addressed by the parties or by the opinions below. The Court should decline to reach such a novel theory based on such an inadequate record.

B. Recognizing Inducement Liability Absent an Intent to Cause Infringement Would Ignore the Statutory Scheme

If the Court chooses to consider Commil’s approach, it should do so only to reject it as contrary to patent law and policy.

This Court and Congress have taken care to ensure that intellectual property rights do not impede innovation, and tailored inducement standards accordingly. District and appellate courts have done the same. Accordingly, liability for inducement is strictly limited to circumstances of “acute fault.” *Metro-Goldwyn-Mayer Studios Inc. v. Grokster, Ltd.*, 545 U.S. 913, 932-33 (2005) (“*Grokster*”). The intent requirement for inducement helps maintain that limit, encouraging the creation and use of non-infringing activities, while at the same time providing a remedy for the patent owner where the infringer has knowledge of or is willfully blind to the infringement. *Accord Global-Tech*, 131 S. Ct. at 2068-71 (“[W]e now hold that induced infringement under § 271(b) requires knowledge that the induced acts constitute *patent infringement*.”) (emphasis

added). Indeed, the rule Commil proposes would render 35 U.S.C. § 271(c), and the defense of substantial non-infringing uses, a dead-letter.

The Patent Act contains two types of indirect liability. One form—contributory infringement—is defined as the offer to sell or sale of a material part of a patented 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 noninfringing use[.]*” 35 U.S.C. § 271(c) (emphasis added). Thus, the statute partly describes the knowledge sufficient to establish inducement liability: selling something with knowledge that it *could and would be used to infringe the patent rights of another*. See *Global-Tech*, 131 S. Ct. at 2067-68 (holding the knowledge requirement of § 271(b) is the same as that as under § 271(c)). But § 271(c) requires more: it also specifically requires that the thing sold is “not a staple article or commodity of commerce suitable for substantial noninfringing use.” 35 U.S.C. § 271(c).

The second form of indirect liability under the Patent Act—inducement liability and the type at issue here—is described by 35 U.S.C. § 271(b). That section provides that “[w]hoever actively induces infringement of a patent shall be liable as an infringer.” *Id.* Where a party is engaging in the sale of non-staples knowingly made or adapted for infringement, § 271(b) adds little—the party is already indirectly liable under § 271(c). Where the party provides products or services having substantial non-infringing uses, inducement liability might attach—but only in certain limited circumstances.

Specifically, liability under § 271(b), as with § 271(c), requires selling something with knowledge that it could and would be used to infringe the patent rights of another. But § 271(b) *also* requires that the person selling the good *intend* that others use the good to infringe. *Global-Tech*, 131 S. Ct. at 2068 (“we now hold that induced infringement under § 271(b) requires knowledge that the induced acts constitute *patent infringement*”) (emphasis added).

Commil argues that inducement only requires knowledge that the patent owner *contends* that the defendant’s acts are infringing. Under Commil’s theory, liability under § 271(b) would always attach to articles of commerce *even if* they had substantial non-infringing uses. That is, a patent owner could evade the limits of § 271(c) liability by merely suing under § 271(b), as § 271(c)’s knowledge requirement would always be met under Commil’s inducement test, regardless of the goods’ non-infringing uses. As a practical matter § 271(c) would become superfluous. Thus if § 271(c) is to have effect, Commil’s theory cannot be correct.

A district court has helpfully explained the differences between § 271(c) and § 271(b) as follows:

It is, perhaps, *an unwarranted extension of § 271(b) to use it as a basis for ascribing liability in the absence of active solicitation*. The same conduct—sale of material or apparatus which can only be used in an infringement—is contributory infringement under § 271(c). The supplier of a staple will be liable for active inducement if it tells its purchaser, “Here is how we can help you infringe.” It is liable if it

sells a compound containing the staple when that compound can only be used effectively to practice a patented method, and it so intends, and § 271(c) so provides. The supplier is not liable if it merely makes that staple available, even though it knows that some purchasers will use it to infringe, and § 271(c) makes that distinction.

Oak Indus., Inc. v. Zenith Elecs. Corp., 697 F. Supp. 988, 994 (N.D. Ill. 1988) (emphasis added) (case cited approvingly in *Grokster*, 545 U.S. at 936).

Also helpful is a commentary on the 1952 Patent Act by P.J. Federico, the Chief Patent Examiner at the time of the introduction of §§ 271(b) and (c). In discussing the interplay between §§ 271(b) and (c), the commentary stated:

Paragraphs (b) and (c) are independent as written but, in connection with the sale of such things as staple articles and commodities of commerce suitable for substantial noninfringing use, which fall within the specific exception of paragraph (c), *clearly something more than mere knowledge of an intended infringing use would have to be shown to make out a case of active inducement under paragraph (b).*

P.J. Federico, *Commentary On The New Patent Act*, 75 J. Pat. & Trademark Off. Soc'y 161, 214 (1952) (emphasis added).

The Court confirmed Federico's understanding in *Global-Tech*. Specifically, the Court recognized that

§ 271(b) could be read either to require “merely that the inducer lead another to engage in conduct that happens to amount to infringement” or, alternatively, to require that “the inducer must persuade another to *engage in conduct that the inducer knows is infringement*.” *Global-Tech*, 131 S. Ct. at 2065 (emphasis added). The Court endorsed the latter interpretation. *Id.* at 2066.² In doing so, the Court adopted a rule that helps ensure that potential inducement penalties will not discourage merely *potentially* infringing activities.

C. The Analogous Standard in Copyright Supports Requiring a Showing of Intent to Cause Infringement.

To the extent that there may be any ambiguity regarding inducement liability standards under patent

2. Indeed, subsequent acts of Congress confirm that intent to cause infringement is required by § 271(b). In 2011, Congress enacted 35 U.S.C. § 298, which states 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 infringer intended to induce infringement.” The Solicitor General argues that Congress’s intent is unclear. *See* U.S. Br. 16 n.3. However, the House Report discussing § 298 states that § 298 was specifically intended to “legislatively abrogate [] the . . . decision in *Broadcom Corp. v. Qualcomm, Inc.*, 543 F.3d 683, 699 (Fed. Cir. 2008).” *See* H.R. Rep. No. 98, 112th Cong. 1st Sess. 53 (2011). In *Broadcom*, the alleged infringer knew of the patents-at-issue, and thus the Solicitor General is incorrect that the statute may be referring to whether an attorney-opinion was sought in the case of willful blindness with respect to a patent’s existence. *See Broadcom*, 543 F.3d at 697 (“Qualcomm contends that it did not obtain non-infringement opinions because it had procured invalidity opinions for each relevant patent”).

law, the Court may look to copyright law for guidance. See *Sony Corp. of Am. v. Universal City Studios, Inc.*, 464 U.S. 417, 439-42 (1984) (noting the “historic kinship between patent law and copyright law”) (“*Sony*”); see also *Grokster*, 545 U.S. at 932-33, 936-37 (citing patent inducement as model for copyright inducement).

In the context of copyright law, the Court has twice cautioned against allowing indirect liability claims of infringement to hinder non-infringing uses. In *Sony*, the Court refused to impose liability for contributory infringement for “staple articles”:

“[A] sale of an article which though adapted to an infringing use is also adapted to other and lawful uses, is not enough to make the seller a contributory infringer. Such a rule would block the wheels of commerce.”

...

The staple article of commerce doctrine must strike a balance between a copyright holder’s legitimate demand for effective—not merely symbolic—protection of the statutory monopoly, and the rights of others freely to engage in substantially unrelated areas of commerce.

Sony, 464 U.S. at 441-42 (quoting *Henry v. A.B. Dick Co.*, 224 U.S. 1, 48 (1912)).

In *Grokster*, the Court reaffirmed this important principle:

We are, of course, mindful of the need to keep from trenching on regular commerce or discouraging the development of technologies with lawful and unlawful potential. Accordingly, just as *Sony* did not find intentional inducement despite the knowledge of the VCR manufacturer that its device could be used to infringe, 464 U.S., at 439, n. 19, mere knowledge of infringing potential or of actual infringing uses would not be enough here to subject a distributor to liability.

545 U.S. at 937.

Accordingly, *Grokster* articulated an inducement standard that effectively distinguishes between services dedicated to infringement and those that have a legitimate purpose. Only “one who distributes a device with the object of promoting its use to *infringe* copyright, as shown by a *clear expression* or *other affirmative steps* taken to foster infringement” can be found liable for inducement. *Id.* at 936-37 (emphasis added).

By its terms, this standard requires the plaintiff to show: (1) that the defendant acted with the *specific objective* of promoting the use of its product to infringe; (2) that the defendant furthered that objective by *affirmative acts* taken to foster infringement; and (3) that the infringement at issue *actually resulted* from the defendant’s inducing conduct.

The Court’s precedents flatly contradict Commil’s and the government’s efforts to convert inducement into an unprecedented tort in which the *defendant’s* required

intent is supplied by the *rightholder's* subjective belief. As elaborated in *Grokster*, inducement requires a high degree of culpability on the part of the accused *inducer*. A finding of such culpable intent to cause infringement was essential to the holding in *Grokster*, and no inquiry was made into the minds of the rightsholders. *Id.* at 938 (observing that both defendants “communicated a clear message” to users that they should use defendants’ technology to violate copyright); *id.* at 924 (“each one clearly voiced the objective that recipients use [the software] to download copyrighted works, and each took active steps to encourage infringement”).

The Court imposed these requirements for inducement to help ensure the standard would not impede legitimate services that are capable of substantial non-infringing uses. Services that depend on this breathing room include cloud storage, social networks, and other websites hosting user-generated content. *See, e.g., UMG Recordings, Inc. v. Shelter Capital Partners LLC*, 718 F.3d 1006, 1031-33 (9th Cir. 2013); *Viacom Int’l Inc. v. YouTube, Inc.*, 940 F. Supp. 2d 110, 121 (S.D.N.Y. 2013). Importantly, *Grokster* did not impose liability for “ordinary acts incident to product distribution, such as offering customers technical support or product updates[.]” 545 U.S. at 937. Instead, liability depends on “purposeful, culpable expression and conduct.” *Id.* Only by insisting on such a high bar for a showing of inducement could the Court be assured that its rule would not “compromise legitimate commerce or discourage innovation having a lawful promise.” *Id.*

In sum, where an article is “good for nothing else” but infringement, there is no legitimate public interest in its unlicensed availability, and

there is no injustice in presuming or imputing an intent to infringe. Conversely, the doctrine absolves the equivocal conduct of selling an item with substantial lawful as well as unlawful uses, and limits liability to instances of more acute fault than the mere understanding that some of one's products will be misused. It leaves breathing room for innovation and a vigorous commerce.

Id. at 932-33 (citations omitted).

The holding in *Grokster* is particularly salient in this case, as it was cited in *Global-Tech* for the proposition that the patent law inducement liability turns “on purposeful, culpable expression and conduct.” *Global-Tech*, 131 S. Ct. at 2067 (quoting *Grokster*, 545 U.S. at 937).

Patent law's statutorily created inducement liability should be no more expansive than copyright law's judicially created liability, especially given that the doctrines are committed to balancing the interests of inventors and authors on the one hand, and the interests of the public on the other. *See Sony*, 464 U.S. at 441 (“in contributory infringement cases arising under the patent laws the Court has always recognized the critical importance of not allowing the patentee to extend his monopoly beyond the limits of his specific grant”).

II. Section 271(b) Requires a Showing of Intent to Cause the Violation of the Rights and Privileges of Another, Which May Be Negated by a Good-Faith, Mistaken Belief as to the Facts or Law

The question actually presented to this Court is whether a good-faith belief that a patent is invalid may be a defense to inducement liability under § 271(b). As Part I of this brief explains, inducement requires knowledge of the infringing nature of the induced acts, i.e. culpable intent. Because “infringement” refers to the violation of rights and privileges of another, a good-faith belief that one is *not* violating the rights and privileges of another—regardless of how one came to that conclusion—may negate the intent requirement of § 271(b).

A. Infringement Is the Violation of Rights; Absent Rights, There Can Be No Infringement

The Patent Act defines infringement. As is relevant here, 35 U.S.C. § 271(a) states that “. . . whoever without authority makes, uses, offers to sell, or sells any patented invention . . . infringes the patent.”³ Commil

3. The Solicitor General cites to dicta in *Global-Tech* for the proposition that a defendant’s belief in invalidity is immaterial for liability under § 271(a), because direct infringement “is a strict-liability tort.” See U.S. Br. 20 (citing *Global-Tech*, 131 S. Ct. at 2065 n.2). The Solicitor General’s characterization of direct infringement as a “strict-liability tort” as opposed to an “intentional tort” is questionable given that direct infringement occurs as a result of affirmative acts, i.e. that the alleged infringer “makes, uses, sells, offers to sell, or sells” a patented invention. 35 U.S.C. § 271(a); see Saurabh Vishnubhakat, *An Intentional Tort Theory of Patents*, Sept. 5, 2014 (available at <http://ssrn.com/abstract=2492200>) (noting how direct infringement is much more akin to an intentional tort than a strict liability tort).

and the Solicitor General would have this Court hold that “infringement” occurs whenever the elements of a claim are met without authorization from the patent owner, regardless of the validity of the claim. *See* Pet. Br. 46; U.S. Br. 7.

They are incorrect. In essence, they seek to read out of the statute the requirement for infringement that the accused infringer make, use, offer to sell, or sell “any *patented* invention.” 35 U.S.C. § 271(a) (emphasis added). That is, Commil would obviate the requirement that legal rights—in the form of a patent—do, in fact, exist to be infringed. *Cf. Akamai*, 134 S. Ct. at 2119 (in discussing the lack of direct infringement, noting that the actions accused “did not violate plaintiff’s legal rights,” or invade “plaintiff’s protected interests”).

This position ignores that the Patent Act’s recognition of patent rights is conditional on certain statutory requirements—the same requirements that are invoked when validity is challenged. *See, e.g.*, 35 U.S.C. §§ 101 (an inventor “may obtain” a patent for certain statutory categories, “*subject to the conditions and requirements of this title*”); 102 (“A person shall be entitled to a patent *unless...*”); 103 (“A patent for a claimed invention *may not be obtained...*”); 282(b) (enumerating defenses, including “any ground specified in part II as a condition for patentability”) (emphases added). A finding of invalidity thus results in the patent owner no longer holding any legal rights that could be “infringed.”

Put differently: a party accused of direct infringement under § 271(a) cannot infringe an invalid patent because there is no “*patented invention*” as to which the plaintiff

has legally enforceable rights. This principle follows from “what a patent is: the conferral of rights in a particular claimed set of elements.” *Akamai*, 134 S. Ct. at 2117; *see also* Black’s Law Dictionary (10th ed. 2014) (defining a “patent” as “[t]he right to exclude others from making, using, marketing, selling, offering for sale, . . . granted by the federal government to the inventor if the device or process is novel, useful, and nonobvious”).

The presumption of validity does not contradict this analysis. *See* 35 U.S.C. § 282(a). Specifically, the presumption of validity is a procedural inference that shifts the burden of proof on to the accused infringer to show that the rights which are legally assumed to exist, do not *in fact* exist. The presumption, however, does not negate the requirement that a valid patent exist for infringement to be maintained. *Cf. Lear, Inc. v. Adkins*, 395 U.S. 653, 668 (1969) (“federal law requires that all ideas in general circulation be dedicated to the common good unless they are protected by a *valid* patent”) (emphasis added).⁴

Indeed, in the analogous copyright action, it is well-recognized that in order to prevail on a claim of infringement, the copyright holder must have a valid copyright, even though there is a similar presumption of validity. *See Feist Publ’ns, Inc. v. Rural Tel. Serv. Co.*, 499

4. To the extent the presumption of validity is relevant, if at all, it would be that the burden is on the accused inducer to show he had a good-faith belief in invalidity in order to negate the claim of induced infringement. That is, because of the presumption of validity, it is not on the patent owner to show a *lack* of a good-faith belief in invalidity, as suggested by *Commil*, *see* Pet. Br. 16, but rather on the defendant to prove a good-faith belief of invalidity once the patent owner has presented its *prima facie* case.

U.S. 340, 361 (1991) (noting that the elements of copyright infringement are “(1) ownership of a *valid* copyright, and (2) copying of constituent elements of the work that are original”) (emphasis added); 17 U.S.C. § 410(c) (“In any judicial proceedings the certificate of registration . . . shall constitute prima facie evidence of the validity of the copyright and of the facts stated in the certificate[.]”).

Thus a more appropriate definition of “infringement” is that it is the violation of the rights or privileges held by another. *See* Black’s Law Dictionary (10th ed. 2014) (defining infringement as “[a]n act that interferes with one of the exclusive rights of a patent, copyright, or trademark owner”);⁵ *Akamai*, 134 S. Ct. at 2119. A patent owner may not have the procedural burden of proving her rights exist in order to succeed on a claim of infringement, but she must have these rights nonetheless.

B. The Rights of Patent Owners Are Defined by the Patent’s Claims, Whose Construction Impacts Myriad Issues Relating to Infringement and Validity

A patent’s claims define the exclusionary rights and privileges held by the patent owner. *See Akamai*, 134 S. Ct. at 2119 (“patentees have a right only to the set of elements claimed in their patents and nothing further.”); 35 U.S.C. § 112(b). And how the claims are interpreted leads to interrelated conclusions as to validity and infringement

5. Similarly, Black’s Law Dictionary (10th ed. 2014) defines “invalid” as “not legally binding.” Thus an invalid patent is one that is not legally binding and cannot form the basis for an infringement claim.

of the claims, and thus interrelated conclusions as to the patent's granted rights and privileges. *See, e.g., Teva Pharms. USA Inc. v. Sandoz, Inc.*, 135 S. Ct. 831, 842 (2015) (vacating a finding of indefiniteness resulting from the Federal Circuit's construction of the claims) ("*Teva*"); *Markman v. Westview Instruments, Inc.*, 517 U.S. 370, 376 (1996) (affirming a finding of noninfringement based on the construction of the term "inventory").

Commil and the Solicitor General both recognize that often the claims must be construed before a finding of infringement. *See* Pet. Br. 46 ("To determine infringement, the asserted patent claims (*as construed by the court*) are compared to the accused products to determine whether the patent claim covers the alleged infringers product or process.") (emphasis added, internal citation and quotation omitted); U.S. Br. 18 ("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[.]"). But the way patent claims are construed impacts not only whether the patent owner can show that the alleged infringer practices each element of the claim but also whether the claim is valid.

Consider the following hypothetical scenario. A patent owner may accuse another party of inducing acts that the patent owner believes infringes certain claims. The accused inducer may evaluate the charge of inducement and conclude—in good faith—that the patent owner's rights have not been violated because the accused inducer had implemented the accused functionality before the apparent priority date. *See* 35 U.S.C. § 102(a) (2002). That is, the accused infringer could legitimately believe that *if* the patent is construed to cover the allegedly infringing

acts, the patent will be invalidated as anticipated, but *if* the patent is construed so as to *not* be anticipated, then the accused acts will not read on the elements of the claim. *See Schering Corp. v. Geneva Pharms, Inc.*, 339 F.3d 1373, 1379 (Fed. Cir. 2003) (“that which would literally infringe if later in time anticipates if earlier”) (internal quotation and citation omitted). Either way, the accused infringer believes—in good faith—that rights and privileges of another are not being violated. The fact that this accused infringer is not yet certain whether its best defense is non-infringement or invalidity does not change the fact that it lacks the intent to violate the rights of another.

But a good-faith mistake of fact could impact both the validity and infringement analyses. Suppose that, in the previous hypothetical, the accused inducer began implementing the allegedly infringing acts eleven months prior to the patent application’s filing date.⁶ In such a case, it would be reasonable to believe that the patent is either invalid or not-infringed. But it is *also* possible (albeit unlikely) that, unbeknownst to the accused infringer, the patent owner will be able to show that the inventor conceived of the invention more than eleven months before the filing of the patent, and that she worked diligently to reduce her invention to practice. *See, e.g., Mahurkar v. C.R. Bard, Inc.*, 79 F.3d 1572, 1576-79 (Fed. Cir. 1996) (affirming finding that prior art did not anticipate under 35 U.S.C. § 102(a) based on inventor testimony regarding conception “in his kitchen” more than a year before the patent filing date and corroborating evidence

6. This hypothetical assumes that the patent application was filed before the effective date of the Leahy-Smith America Invents Act (PL 112-29, Sept. 16, 2011).

of inventor “confidentially disclos[ing]” invention to an third-party). These facts, unknown to the accused inducer and undiscoverable from the public record, could render him liable for infringement, contrary to the reasonable assumptions the accused inducer made when presented with the claim. *Id.*

A further example of a situation where an accused inducer may in good-faith believe himself to be inducing activities outside the scope of the patent grant can be found in *3M Innovative Properties Co. v. Tredegar Corp.*, 725 F.3d 1315 (Fed. Cir. 2013) (“*3M Innovative*”). There, the accused infringer noted that the patent applicant made an amendment during prosecution in response to prior art and in doing so, changed the claim term “substantially continuous contact” to “continuous contact.” *Id.* at 1325-26. The accused infringer argued that this narrowed the scope of the claim term “continuous contact” to particular embodiments disclosed in the specification. *See id.* at 1325-26. The district court agreed. *Id.* at 1324. The Federal Circuit reversed. *Id.* at 1325-26. Specifically, the Federal Circuit held that the patent owner presented a “reasonable, contrary reading of the prosecution history” and “[w]here an applicant’s statements are amenable to multiple reasonable interpretations, they cannot be deemed [a] clear and unmistakable” disclaimer required under Federal Circuit law to narrow a claim term meaning. *Id.* at 1326 (citing *Grober v. Mako Prods., Inc.*, 686 F.3d 1335, 1342 (Fed. Cir. 2012) and paraphrasing *Grober*’s holding as “rejecting prosecution disclaimer arguments because the applicant’s ambiguous statements distinguishing from prior art did not focus on specific prior art features”). In a concurring opinion, Judge Plager noted that the claim construction determination “[took]

four judges and some seventy pages of densely written opinions to find meaning in th[e] terms” and “there [was] a conflicting or indeterminate written description and prosecution history with regard to the claim terms at issue.” *Id.* at 1334-35. Thus *3M Innovative* presents a situation where an accused inducer could believe in good-faith that the accused activities were disclaimed by the patent applicant, yet be found incorrect only after years of litigation because the patent applicant’s statements were not found to be “clear and unmistakable” by a court.

The hypothetical above and *3M Innovative* demonstrate that how the claims are construed impacts the scope and content of the prior art as well as the scope of the claims. But more importantly, in any given dispute, claim construction could impact myriad other issues such as indefiniteness, *see Teva*, 135 S. Ct. at 836, whether the patent meets the written description requirement, *see Lochner Techs., LLC v. Vizio, Inc.*, 567 F. App’x 931, 938 (Fed. Cir. 2014), and whether the patent meets the enablement requirement, *see Auto. Techs. Int’l, Inc. v. BMW of N. Am., Inc.*, 501 F.3d 1274, 1282 (Fed. Cir. 2007).⁷

The accused infringer may have certain good-faith beliefs as to the scope and extent of the rights claimed by the patent owner depending solely on how claims are construed, a process both Commil and the Solicitor General recognize is often necessary before a finding of infringement. There is no principled reason to find the

7. These invalidity defenses were all raised by Cisco, and thus could form the basis of a good-faith belief that the claims were invalid, thereby negating the intent required for inducement. *See* Pet. App. 5a-6a.

accused inducer liable solely because he is unsure as to which theory he would prevail under. The knowledge held by the accused inducer is the same whether it is described as a good-faith belief in “noninfringement” or “invalidity”: the accused inducer does not knowingly intend to cause the violation of the rights of the patent owner. Indeed, the accused inducer intended to cause acts that it—in good faith—thought free for all to practice and reserved to no one.

C. An Incorrect Belief as to the Scope of the Patent Rights May Negate the Intent Requirement

Inducement liability is premised on a finding that a party had the culpable intent to cause infringement of a valid patent. *See* Part I, *supra*. For purposes of the intent analysis, it does not necessarily matter *why* a party believes he is not encouraging infringing acts, e.g., whether the complained of acts do not meet each element of the claim or the patent rights are not legally valid. In either circumstance, the salient fact is that the accused inducer reasonably believed—in good faith—that the acts in question were not infringing and did not otherwise intend others to violate patent rights. This good-faith belief that acts are not protected by a patent grant may negate the intent requirement.

Discussing the intent required for liability under § 271(b) in a dissent from the denial of rehearing en banc in this case, Judge Reyna noted that “[w]hether the accused infringer held a good faith belief that it was inducing conduct that fell outside the scope of the claims *is directly relevant to this intent inquiry.*” Pet App. 59a (Reyna, J., dissenting) (emphasis added). Judge Reyna

then continued: “[b]ut whether the accused infringer held a good faith belief in invalidity . . . is wholly unrelated to the accused infringer’s conduct vis-à-vis the limitations of a presumptively valid patent claim.” *Id.*

Judge Reyna is partially correct: a good-faith belief that conduct falls outside the scope of the patent grant is directly relevant. But where Judge Reyna errs is in failing to recognize that what falls in- or out-side the patent grant is often determined by examining the claims, the specification, the prior art, or any and all of those things. As illustrated above, an alleged infringer may believe—in good-faith—that a patent cannot be read to cover the allegedly infringing acts as the patent would then be invalid. But he may be mistaken in his belief, through no fault of his own, and thus inadvertently cause infringement of another’s rights. It is whether or not this mistake was in good-faith that should be relevant to the intent inquiry, not the source of it from within patent doctrine.

Factual and legal disputes regarding the scope and existence of patent rights often exist. *See, e.g., Teva*, 135 S. Ct. at 837 (factual issues may need to be determined in order to construe claims); *Nautilus*, 134 S. Ct. at 2131 (remanding so as to determine, as a factual matter, whether claims met definiteness standard), *Alice*, 134 S. Ct. 2347 (considering whether, as a legal matter, the asserted claims were directed to patentable subject matter). It follows naturally, then, that an accused inducer may—mistakenly—believe himself to be respecting patent rights and not encouraging others to engage in acts within the patent scope. *See Pet. App. 59a* (Reyna, J., dissenting) (“Whether the accused infringer held a good faith belief that it was inducing conduct that fell outside

the scope of the claims is directly relevant to this intent inquiry.”) The law should not make such an actor liable for induced infringement. To do otherwise discourages legitimate innovation and improperly grants rights to exclude against those whom Congress has recognized are otherwise protected from liability. *See* Part I, *supra*.

III. The Defense of a Good-Faith Belief that Patent Rights Are Not Being Violated Encourages Clearer Claims, Specifications, and Prosecution Histories

One of the most important aspects of our patent system is the public notice function. That function is better met through a rule that recognizes as a defense to inducement the good-faith belief that the induced acts are not protected by a valid patent. As the Court has recognized:

The limits of a patent must be known for the protection of the patentee, the encouragement of the inventive genius of others and the assurance that the subject of the patent will be dedicated ultimately to the public. The statute seeks to guard against unreasonable advantages to the patentee and disadvantages to others arising from uncertainty as to their rights. The inventor must inform the public during the life of the patent of the limits of the monopoly asserted, so that it may be known which features may be safely used or manufactured without a license and which may not.

Gen. Elec. Co. v. Wabash Appliance Corp., 304 U.S. 364, 369 (1938) (internal quotation and citation omitted).

A. A Defense Based on a Good-Faith Belief That the Induced Acts Are Not Protected By a Valid Patent Encourages Patent Owners to More Clearly Describe their Inventions, to the Benefit of the Patent Office and the Public

Recognizing that a good-faith belief that the accused acts are not protected by a valid patent may negate the intent requirement of inducement liability creates incentives for better patenting, and thus is good public policy. Specifically, having a rule that acknowledges what amounts to ambiguity as a potential defense encourages clearer claiming to the benefit of both patent owners and those who legitimately wish to innovate around patents.⁸

A patent with the clearest claims would likely be the least susceptible to claims of a good-faith belief that the scope of the rights of the patent do not extend to the allegedly infringing acts. *Cf.* FTC Report at 85 (2011) (noting that some patent owners often want their patents to be clear so as to allow the patent owner to “rely on the resulting patent”); Lee Petherbridge, *Positive Examination*, 46 IDEA 173, 173 (2006) (“increasing informational content . . . benefits all participants in the

8. Although this Court recently pronounced a stricter standard for meeting the definiteness requirement of 35 U.S.C. § 112(b), “even with more vigorous application of definiteness principles, claims often will not be undebatably clear on their face.” Federal Trade Commission, *The Evolving IP Marketplace: Aligning Patent Notice and Remedies With Competition* (2011), at 102 (“FTC Report”), available at <http://www.ftc.gov/sites/default/files/documents/reports/evolving-ip-marketplace-aligning-patent-notice-and-remedies-competition-report-federal-trade/110307patentreport.pdf> (last visited Jan. 28, 2015).

patent system because it allows them to form a more certain understanding of the boundaries of the property at issue and more usefully compare it to prior art and commercial goods and services”) (“Petherbridge”).

Importantly, clear claims, specifications, and prosecution histories would allow the Patent Office to more efficiently and effectively evaluate patent applications. *See id.* at 206 (“the more clearly the examiner understands the boundaries of the property being examined, the more efficiently he can search for prior art, since less time will be spent pursuing irrelevant information”). It is widely known that the Patent Office does not spend significant amounts of time examining patents. A recent study estimated that, on average, patent examiners spend only 19 hours examining a patent application before issuance. Michael Frakes & Melissa Wasserman, *Is the Time Allocated to Review Patent Applications Inducing Examiners to Grant Invalid Patents?: Evidence from Micro-Level Application Data*, NBER Working Paper No. 20337, July 2014, at 8. Patent applicants incentivized to present clearer claims at the outset better ensure that the Patent Office can use the time for more effective evaluation of whether the application has met the statutory requirements for patent rights.

Clearer claims would also allow patent owners and the public to better rely on patents as a legitimate and enforceable claim of exclusionary rights. “Claims that clearly delineate a patent’s scope are essential for meaningful third-party notice.” FTC Report, *supra*, at 98. When boundaries of invention are made clearer, “patentees and competitors may be able to more reliably determine whether the patent is narrow, weak, or likely to be held

invalid.” Petherbridge, *supra*, at 206. Unclear claims, in contrast, greatly inhibit innovation and competition. See Ted M. Sichelman, *Commercializing Patents*, 62 Stan. L. Rev. 341, 361 (2010). For example, unclear and questionable patents deter the entry of new competitors by needlessly increasing licensing and design-around costs. See Federal Trade Commission, *To Promote Innovation: The Proper Balance of Competition and Patent Law and Policy*, at 5-7 (2003); cf. *3M Innovative*, 725 F.3d at 1335 (Plager, J., concurring) (“Better drafting of patent applications can only improve the efficiency of the patent system by clearly delineating a patentee’s property rights, thereby reducing wasteful and unnecessary litigation.”).

B. Given the Relative Positions of Patent Owners, the Patent Office, and Accused Inducers, the Risk of Unclear Claims is Appropriately Placed on the Patent Owner

Patent applicants are the best-placed to ensure claims are as clear as possible. *Halliburton Energy Servs., Inc. v. M-I LLC*, 514 F.3d 1244, 1255 (Fed. Cir. 2008) (“the patent drafter is in the best position to resolve the ambiguity in... patent claims”).⁹ It is the patent applicant that knows her invention and what she intended to claim, and is the party best able to make that position known in the public record, either through claims, the specification, or the prosecution history. See *3M Innovative*, 725 F.3d at 1336 (Plager J., concurring) (noting that it is “a patentee (more correctly

9. To the extent the recognition of the defense diminishes the availability of § 271(b) to protect patent holders’ rights, see U.S. Br. 30, such a result is not a failing of the patent system. Instead, it is the appropriate allocation of risk in the system in light of the role each participant occupies.

a patent applicant) who had the last clear chance . . . to avoid this kind of unnecessary claim construction game” and “a competitor [] should not have the risk of guessing wrong about what a claim term could possibly mean”).

Yet Commil and the Solicitor General would have inducement liability turn on the patent owner’s *subjective*—and possibly previously-unstated—beliefs regarding the scope of her claims. *See* Pet. Br. 14; U.S. Br. 17-18. Such a rule would create an incentive for the patent owner to obfuscate the true scope of her claims as much as possible *ex ante*, knowing that she could later rely on her own, previously undisclosed *post facto* interpretation of her claims in order to capture those who would otherwise not have notice of infringement from the patent alone. This rule incentivizes ambiguity and is contrary to the public notice function of patents. *See Nautilus*, 134 S. Ct. at 2129 (“a patent must be precise enough to afford clear notice of what is claimed, thereby apprising the public of what is still open to them”) (internal citation and quotation omitted); *cf. id.* (“patent applicants face powerful incentives to inject ambiguity into their claims”).

Such a rule is also contrary to the requirement that “a patent holder’s actual intentions have effect only to the extent that they are expressed in the public record.” *Teva*, 135 S. Ct. at 847 (Thomas, J., dissenting) (citing *Keystone Bridge Co. v. Phoenix Iron Co.*, 95 U.S. 274, 279 (1877); *Goodyear Dental Vulcanite Co. v. Davis*, 102 U.S. 222, 227 (1880) (“examining ‘the avowed understanding of the patentee,’ but disclaiming any holding that such understanding ‘c[ould] be allowed to enlarge, diminish, or vary the language of a patent afterwards issued’”).

“[H]owever much desired by the claim drafters, who want claims that serve as business weapons and litigation threats, the claims cannot go beyond the actual invention that entitles the inventor to a patent.” *Retractable Tech. Inc. v. Becton, Dickinson & Co.*, 653 F.3d 1296, 1311 (Fed. Cir. 2011) (Plager, J., concurring) (internal citations omitted). Encouraging claim clarity helps ensure the patent owner does not illegitimately burden the public domain by making infringement allegations that stretch her claims beyond what was actually invented, and appropriately limits the patent owner’s availability to recover from those who—in good faith—believed their activities to be in the public domain.

CONCLUSION

This Court should confirm the holding of *Global-Tech* that an intent to cause infringement is required to be liable under 35 U.S.C. § 271(b). This Court should further confirm that a good-faith belief that the accused acts are outside the scope of the patent grant, whether by patent invalidity or otherwise, may negate that intent.

Respectfully submitted,

VERA RANIERI
Counsel of Record
DANIEL K. NAZER
MICHAEL BARCLAY
ELECTRONIC FRONTIER FOUNDATION
815 Eddy Street
San Francisco, CA 94109
(415) 436-9333
vera@eff.org

*Attorneys for Amicus Curiae
Electronic Frontier Foundation*

February 26, 2015