

No. 10-6

IN THE
Supreme Court of the United States

GLOBAL-TECH APPLIANCES, INC., *et al.*,

Petitioners,

v.

SEB S.A.,

Respondent.

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

**BRIEF *AMICI CURIAE* OF 25 LAW, ECONOMICS,
AND BUSINESS PROFESSORS
IN SUPPORT OF PETITIONERS**

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**STATEMENT OF INTEREST OF THE
*AMICI CURIAE***

Amici are professors at law, economics, and business schools who specialize in intellectual property law throughout the United States, including several who have previously published on the law of inducement. Amici have no personal stake in the outcome of this case,¹ but have an interest in seeing that the patent laws develop in a way that promotes rather than retards innovation. A complete list of amici is included in Appendix A.

ARGUMENT

**THE SUPREME COURT SHOULD GRANT THE
PETITION FOR A WRIT OF CERTIORARI
TO CLARIFY THE CULPABLE STATE OF
MIND REQUIRED FOR INDUCED
INFRINGEMENT LIABILITY**

The treatment of the liability standard required to prove induced infringement under 35 U.S.C. § 271 in the Court of Appeals for the Federal Circuit has led to divergent case law with inconsistent formulations. For fifteen years, Federal Circuit panels disagreed amongst themselves regarding the requisite state of mind for

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 *amici curiae* or their counsel made a monetary contribution to its preparation or submission. The parties have been given appropriate notice and have consented to the filing of this brief. Such consents are being lodged herewith.

inducement liability. Following an apparent resolution of questions regarding the requisite culpable mental state in *DSU Medical Corp. v. JMS Co., Ltd.*, 471 F.3d 1293 (Fed. Cir. 2006) (en banc), which required actual knowledge of the patent being infringed, the Federal Circuit has once again muddied the waters by identifying the culpable state of mind necessary to show induced infringement under section 271(b) as “deliberate indifference of a known risk” that an infringement may occur in *SEB S.A. v. Montgomery Ward & Co., Inc.*, 594 F.3d 1360 (Fed. Cir. 2010). Under this standard, a party can be liable for inducing infringement even if it has no knowledge of the patent. The deliberate indifference standard not only departs from this Court’s teachings in *MGM Studios, Inc. v. Grokster, Ltd.*, 545 U.S. 913, 936 (2005), and the Federal Circuit’s own en banc guidance in *DSU*, but is counter to the statutory structure and history of section 271.

This case is an opportunity for this Court to provide firm guidelines as to the legal standard for culpability in a claim for actively inducing infringement under section 271. A clear formulation of the law would prevent inhibition of legitimate commercial activity and resolve a question that the Federal Circuit has apparently been unable to definitively resolve itself for the past two decades.

A. The Federal Circuit Has Given Conflicting Guidance Regarding the Mental State Required for Induced Infringement.

Patent law holds liable not only those who infringe a patent, but those who assist others in doing so. One can assist an act of infringement either by directing another to infringe (inducement), or by supplying parts or services that are specially suited to infringe (contributory infringement). In either event, the law requires proof of some level of knowledge on the part of the defendant. This requirement derives from the common law origin of indirect infringement in accessory liability, which requires that the defendant know that the behavior she aids is wrongful. S. Rep. No. 82-1979, at 8 (1952); H.R. Rep. No. 82-1923, at 9 (1952); Mark A. Lemley, *Inducing Patent Infringement*, 39 U.C. Davis L. Rev. 225, 236 (2005).

The Patent Act of 1952 separated induced infringement from contributory infringement by codifying the former at 35 U.S.C. § 271(b) and the latter at 35 U.S.C. § 271(c). The culpable state of mind necessary to show induced infringement is not expressly defined in section 271(b), which states: “[w]hoever actively induces infringement of a patent shall be liable as an infringer.” Cases prior to the enactment of the Patent Act applied a culpability requirement and this application was carried forward following the codification of existing law. Courts have consistently interpreted section 271(b) to require a “specific intent and action to induce infringement.” *Warner-Lambert Co. v. Apotex Corp.*, 316 F.3d 1348, 1364 (Fed. Cir. 2003). And this Court relied on that requirement in adopting the inducement

doctrine from patent law into copyright law in *Grokster*, 545 U.S. 913, 936 (2005).

However, the Federal Circuit struggled to agree on what a defendant must specifically intend. Two directly conflicting lines of Federal Circuit cases attempted to define the culpable mental state necessary to show induced infringement under section 271(b) of the Patent Act. Rather than providing clear guidance as to lawful commercial conduct and induced infringement, the Federal Circuit produced uncertainty by creating a seemingly shifting mental state requirement for liability. In *Hewlett-Packard Co. v. Bausch & Lomb Inc.*, 909 F.2d 1464 (Fed. Cir. 1990), the Federal Circuit applied a broad intent standard, requiring only “proof of actual intent to cause the acts which constitute the infringement” and not requiring any knowledge or even suspicion that the acts were subject to a patent. *Id.* at 1458. Only three months later, the Federal Circuit espoused a different formulation when it articulated a test requiring that the defendant “induced infringing acts *and* that he knew or should have known his actions would induce actual infringements” in *Manville Sales Corp. v. Paramount Systems, Inc.*, 917 F.2d 544, 553 (Fed. Cir. 1990) (italics in original). In articulating this test, the *Manville* Court required two states of mind: that the defendant had knowledge of the patent, and that the defendant knew or should have known that the acts he encouraged would actually infringe that patent.

In *Grokster*, this Court stated that “mere knowledge of infringing potential or of actual infringing uses would not be enough here to subject a distributor to liability.” *Grokster*, 545 U.S. at 936. Drawing on this

Court's teachings in *Grokster* and recognizing the conflict between the *Manville* and *Hewlett-Packard* formulations, the Federal Circuit, ruling en banc, chose to apply the higher *Manville* standard in *DSU Medical Corp.*, 471 F.3d 1293 (Fed. Cir. 2006). The en banc decision of the Federal Circuit in *DSU* theoretically resolved the conflict between the *Manville* and *Hewlett-Packard* standards for the culpable state of mind necessary to show inducement of infringement. The en banc Federal Circuit held that the "[t]he plaintiff has the burden of showing that the alleged infringer's actions induced infringing acts and that he knew or should have known his actions would induce actual infringements" which "necessarily includes the requirement that he or she knew of the patent." *Id.* at 1304.

The deliberate indifference standard applied by the Federal Circuit in *SEB*, however, returns the issue of induced infringement to a state of confusion. The decision in *SEB* that a party can induce infringement without even knowing of the existence of a patent directly contradicts the Federal Circuit's holding to the contrary in *DSU* only four years before. Because of the long-standing conflict between Federal Circuit panels, and because even a unanimous en banc opinion by the Federal Circuit was insufficient to eliminate that conflict, the Federal Circuit cannot be counted on to resolve the conflicts in its case law on this issue. Accordingly, Supreme Court review is appropriate.

B. The Deliberate Indifference Standard Applied by the Federal Circuit in *SEB* Blurs the Complementary Relationship Between Sections 271(b) and (c).

By proffering a culpable mental state requirement for section 271(b) as low as the negligence construct of “deliberate indifference” in *SEB*, the Federal Circuit blurs the functions of sections 271(b) and 271(c) of the Patent Act. The separation of secondary liability into contributory infringement and inducement of infringement under the Patent Act of 1952 demonstrates an intention to treat the two types of secondary liability differently and to hold alleged infringers to different standards. Section 271(c) imposes liability upon a defendant who sells or offers for sale a component of a patented invention “knowing the same to be especially made or especially adapted for use in an infringement of [a] patent,” if such component has no “substantial non-infringing use.” Section 271(b) contains no such limitations. The scope of section 271(c) is thus more narrowly defined and more limited than section 271(b). See Lynda J. Oswald, *The Intent Element of “Inducement to Infringe” Under Patent Law: Reflections on Grokster*, 13 Mich. Telecomm. Tech. L. Rev. 225, 229-30 (2006).

The broader scope of section 271(b) is supposed to be counterbalanced, however, by a stricter intent requirement. Reducing the intent standard to deliberate indifference, as *SEB* does, means that section 271(b) effectively swallows section 271(c). See Timothy R. Holbrook, *The Intent Element of Induced Infringement*, 22 Santa Clara Computer & High Tech.

L.J. 399, 407-08 (2006). The *SEB* standard reduces the state of mind requirement for section 271(b) to the level of negligence. By contrast, this Court has made it clear that a contributory infringer under section 271(c) must know that the combination to which it is contributing “was both patented and infringing.” *Aro Mfg. Co. v. Convertible Top Replacement Co.*, 377 U.S. 476, 488 (1964).²

As a result, cases of alleged infringement that would otherwise fit within section 271(c), but would not result in secondary liability for failing to meet the requirements of that section, now become infringing conduct under section 271(b). And any case that violates section 271(c) will of necessity meet the new, lower standard for section 271(b), whether or not the alleged infringer was aware of the patent. *SEB* renders section 271(c) superfluous, nullifying the carefully crafted limitations of Congressional language. That cannot be the right interpretation of section 271.

2. The role of intent in contributory infringement was further clarified by this Court in *Grokster*, which said that intent to induce actual infringement in cases of contributory infringement could be presumed from the absence of a non-infringing use for the component. *Grokster*, 545 U.S. at 932. The same inference cannot be made if the component has both infringing and non-infringing uses.

CONCLUSION

For the foregoing reasons, the petition for a writ of certiorari should be granted.

Respectfully submitted,

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