SUPREMA, ON THE ROAD TO THE SUPREME COURT*

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I. OVERVIEW

In *Suprema, Inc. v. U.S. Int’l Trade Commission*, __ F.3d __ (Fed. Cir. August 10, 2015)(en banc)(Reyna, J.), a six member majority of the Federal Circuit *en banc* judicially expanded the scope of ITC exclusion orders to permit the exclusion of certain *noninfringing* goods. As explained by Circuit Judge O’Malley:

“The majority today authorizes the [ITC] to bar the importation of articles of commerce that may or may not be later used by third parties to infringe a method patent, based only on the putative intent of the importer. And, it does so in circumstances in which it is undisputed that the patented method cannot be practiced unless the imported article is used in combination with software neither embedded in the imported article nor sold by the importer. … 19 U.S.C. § 1337 unambiguously fails to provide the [ITC] with the authority the majority endows on it….“
*Suprema*, __ F.3d at __ (O’Malley, J., joined by Prost, C.J., Lourie, Dyk, JJ, dissenting).

To understand *Suprema* it is helpful to review the statutory basis for “active inducement” to infringe under 35 USC § 271(b). The starting point is the common law evolution of contributory infringement law that dates to the nineteenth century “Oil Lamp Burner” case, *Wallace v. Holmes*, 29 F.Cas. 74 (No. 17,100) (C.C. Conn.1871). *See* § II, *Wallace v. Holmes Equitable Basis for Relief*.

Attempts have been made in the past to expand the scope of active inducement which is perhaps best seen from *Deepsouth Packing Co. v. Laitram Corp.*, 406 U.S. 518 (1972), where the Court in the first instance denied relief but, faced with public policy concerns from industry, led to the statutory establishment of a right to sue accused infringers that legislatively overruled *Deepsouth*. *See* § III, *Deepsouth “Desire to Delimit” the Law*.  

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Suprema is the most recent example where an appellate court worked within the framework of a “desire to delimit [the] outer contours” of active inducement. See § IV, Suprema Deviation from Statute and Precedent. In fact, Suprema is the third member of a trilogy of cases where the Federal Circuit has stretched the scope of infringement law in this area, following Akamai Techs., Inc. v. Limelight Networks, Inc., 692 F.3d 1301 (Fed. Cir. 2012)(en banc)(per curiam); and Commil United States, LLC v. Cisco Sys., Inc., 737 F.3d 699 (Fed. Cir. 2013)(en banc). In both cases the Supreme Court reined in the judicially active Federal Circuit, overturning the decision in each case. Limelight Networks, Inc. v. Akamai Techs., Inc., 134 S. Ct. 2111 (2014); Commil United States, LLC v. Cisco Sys., Inc., 135 S. Ct. 1920 (2015). See § IV-A, The Active Inducement Trilogy. Suprema seems fated to become the final piece to what is becoming a Supreme Court trilogy. See § IV-B, Suprema Stretch of ITC Exclusion Order Relief.

Suprema stands an excellent chance of being accepted for review by the Supreme Court, given that the clear wording of the statute does not permit the result of the Federal Circuit majority. The case is simply one of black and white statutory construction. Given the split within the en banc Court and particularly the persuasive dissent by Circuit Judge O’Malley, Suprema represents an extremely likely candidate for review. See § V, Twisting a Statutory “Nose of Wax”.
II. WALLACE V. HOLMES EQUITABLE BASIS FOR RELIEF

Active inducement, a component of contributory infringement prior to the statutory statement of the law in the 1952 Patent Act, is explained by the Supreme Court in Dawson Chemical Co. v. Rohm and Haas Co., 448 U.S. 176 (1980). The Count points out that “[t]he difficulty that the doctrine has encountered stems not so much from rejection of its core concept as from a desire to delimit its outer contours.” Id., 448 U.S. at 189. Justice Blackmun traces the doctrine to the nineteenth century case law:

To place § 271 in proper perspective … we believe that it is helpful first to review in detail the doctrines of contributory infringement and patent misuse as they had developed prior to Congress' attempt to codify the governing principles.

[T]he doctrine of contributory infringement had its genesis in an era of simpler and less subtle technology. Its basic elements are perhaps best explained with a classic example drawn from that era. In Wallace v. Holmes, 29 F.Cas. 74 (No. 17,100) (CC Conn.1871), the patentee had invented a new burner for an oil lamp. In compliance with the technical rules of patent claiming, this invention was patented in a combination that also included the standard fuel reservoir, wick tube, and chimney necessary for a properly functioning lamp. After the patent issued, a competitor began to market a rival product including the novel burner but not the chimney. Id., at 79. Under the sometimes scholastic law of patents, this conduct did not amount to direct infringement, because the competitor had not replicated every single element of the patentee's claimed combination. Cf., e. g., Prouty v. Ruggles, 41 U.S. (16 Pet.) 336, 341 (1842). Yet the court held that there had been "palpable interference" with the patentee's legal rights, because purchasers would be certain to complete the combination, and hence the infringement, by adding the glass chimney, 29 F.Cas. at 80. The court permitted the patentee to enforce his rights against the competitor who brought about the infringement, rather than requiring the patentee to undertake the almost insuperable task of finding and suing all the innocent purchasers who technically were responsible for completing the infringement. Ibid. See also Bowker v. Dows, 3 F.Cas. 1070 (No. 1,734) (CC Mass. 1878).
The Wallace case demonstrates, in a readily comprehensible setting, the reason for the contributory infringement doctrine. It exists to protect patent rights from subversion by those who, without directly infringing the patent themselves, engage in acts designed to facilitate infringement by others. This protection is of particular importance in situations, like the oil lamp case itself, where enforcement against direct infringers would be difficult, and where the technicalities of patent law make it relatively easy to profit from another's invention without risking a charge of direct infringement.

_Dawson. v. Rohm and Haas_, 448 U.S. at 187-89.

### III. _DEEPSOUTH “DESIRE TO DELIMIT” THE LAW_

Even before the creation of the Federal Circuit there were problems with the “desire to delimit [the] outer contours” of active inducement. _Dawson. v. Rohm and Haas_, 448 U.S. at 189. The Court has refused to judicially expand statutory definitions of infringement, but, where the injustice of statutory relief is manifest, redress has been had through the Congress. Both elements are manifested in the denial of infringement relief in _Deepsouth_ coupled with a statutory solution to legislatively overrule the result of that case.

_Deepsouth_ represented a clear Fifth Circuit judicial expansion of the scope of infringement to reach an equitable result. The Supreme Court refused to bend the wording of the statute to accommodate the relief given by the Fifth Circuit:
The direction of Art. I is that Congress shall have the power to promote the progress of science and the useful arts. When, as here, the Constitution is permissive, the sign of how far Congress has chosen to go can come only from Congress. We are here construing the provisions of a statute passed in 1952. The prevailing law in this and other courts as to what is necessary to show a patentable invention when a combination of old elements is claimed was clearly evident from the cases when the Act was passed; and at that time Andrea, representing a specific application of the law of infringement with respect to the export of elements of a combination patent, was 17 years old. When Congress drafted § 271, it gave no indication that it desired to change either the law of combination patents as relevant here or the ruling of [*Radio Corp. of America v. Andrea*, 79 F.2d 626 (2nd Cir. 1935)]. Nor has it on any more recent occasion indicated that it wanted the patent privilege to run farther than it was understood to run for 35 years prior to the action of the Court of Appeals for the Fifth Circuit.

*Deepsouth v. Laitram*, 406 U.S. at 530.

Eventually, as explained in *Microsoft Corp. v. AT & T Corp.*, 550 U.S. 437 (2007), Congress spoke through an amendment to Title 35 of the United States Code to add Section 271(f) to legislatively overrule the result in *Deepsouth*. The Supreme Court explained the situation thusly:

Our decision some 35 years ago in *Deepsouth Packing Co. v. Laitram Corp.*, 406 U.S. 518 (1972), a case about a shrimp devening machine, led Congress to enact § 271(f). In that case, Laitram, holder of a patent on the time-and-expense-saving machine, sued Deepsouth, manufacturer of an infringing devenier. Deepsouth conceded that the Patent Act barred it from making and selling its devening machine in the United States, but sought to salvage a portion of its business: Nothing in United States patent law, Deepsouth urged, stopped it from making in the United States the parts of its devenier, as opposed to the machine itself, and selling those parts to foreign buyers for assembly and use abroad. *Id.*, at 522–24. We agreed.
Interpreting our patent law as then written, we reiterated in *Deepsouth* that it was “not an infringement to make or use a patented product outside of the United States.” *Id.* at 527; see 35 U.S.C. § 271(a) (1970 ed.) (“[W]hoever without authority makes, uses or sells any patented invention, within the United States during the term of the patent therefor, infringes the patent.”). *Deepsouth*’s foreign buyers did not infringe Laitram's patent, we held, because they assembled and used the deveining machines outside the United States. *Deepsouth*, we therefore concluded, could not be charged with inducing or contributing to an infringement. 406 U.S. at 526–527. Nor could *Deepsouth* be held liable as a direct infringer, for it did not make, sell, or use the patented invention—the fully assembled deveining machine—within the United States. The parts of the machine were not themselves patented, we noted, hence export of those parts, unassembled, did not rank as an infringement of Laitram's patent. *Id.*, at 527-29.

*Microsoft v. AT & T*, 550 U.S. at 442-43.

**IV. SUPREMA DEVIATION FROM STATUTE AND PRECEDENT**

**A. The Active Inducement Trilogy**

In just the past few years the Federal Circuit has thrice utilized the active inducement statute, USC § 271(b), to achieve what it has perceived to be a fair result, each time either bending the statutory wording through an act of judicial activism or providing a unique never before considered theory.

The first two cases manifest a seemingly schizophrenic view of patent policy. In the first case, *Akamai Techs., Inc. v. Limelight Networks, Inc.*, 692 F.3d 1301 (Fed. Cir. 2012)(en banc)(per curiam), the Court came out strongly pro-patentee to craft a result to find infringement under a unique theory of active inducement under 35 USC § 271(b). In the second case, *Commil United States, LLC v. Cisco Sys., Inc.*, 737 F.3d 699 (Fed. Cir. 2013)(en banc), the Court came out strongly anti-patentee to craft a theory to deny active inducement under 35 USC § 271(b) on an accused infringer’s mere belief that the patent was invalid, also a unique theory with no precedent. In each of these cases, the Supreme Court


**B. Suprema Stretch of ITC Exclusion Order Relief**

In *Suprema*, a deeply divided 6-4 Federal Circuit has once again judicially twisted the scope of a statutory provision to reach what it considers an equitable result: It has confirmed an ITC exclusion order to bar the importation of noninfringing goods where 19 U.S.C. § 1337(a)(1)(B)(i) expressly limits the authority to issues orders of exclusion only to bar importation of articles that constitute patent infringement at the time of importation. Given the clear deviation from the statutory scheme coupled particularly with the detailed and insightful opinion of Circuit Judge O’Malley on behalf of the four dissenting members, the road to *certiorari* grant will be closely watched in the remainder of this year.

A theory of infringement in *Suprema* is reached only after goods enter the United States and “active inducement” under 35 USC § 271(b) coupled with actual infringement occurs. The dissent in the original panel opinion expresses a public policy need to reach the conclusion that a statute *limited* to exclusion of goods that infringe at the time of importation:
“My problem with the majority's opinion [denying the patentee relief] is that it ignores that Section 337 is a trade statute designed to provide relief from specific acts of unfair trade, including acts that lead to the importation of articles that will result in harm to a domestic industry by virtue of infringement of a valid and enforceable patent. To negate both a statutory trade remedy and its intended relief, the majority overlooks the Congressional purpose of Section 337, the long established agency practice by the Commission of conducting unfair trade investigations based on induced patent infringement, and related precedent by this Court confirming this practice. In the end, the majority has created a fissure in the dam of the U.S. border through which circumvention of Section 337 will ensue, thereby harming holders of U.S. patents.”

_Suprema, Inc. v. Int'l Trade Comm'n_, 742 F.3d 1350, 1372 (Fed. Cir. 2013) (Reyna, J., dissenting in part), overturned, __ F.3d __ (Fed. Cir. 2015)(en banc).

When the case was decided _en banc_ the dissenter authored the majority opinion reaching his desired result. Speaking for the four member minority, Circuit Judge O’Malley explained that:

We should not read statutes to create an ambiguity in light of clear congressional statements, even if that result may lead to what some parties consider a normatively more fair result. See, e.g., _United States v. Thompson/Center Arms Co._, 504 U.S. 505, 524 (1992) (White, J., dissenting) (“To conclude otherwise is to resort to ‘ingenuity to create ambiguity’ that simply does not exist in this statute.”) (quoting _Rothschild v. United States_, 179 U.S. 463, 465 (1900))); cf. Antonin Scalia & Bryan A. Garner, _Reading Law_ § 27 (2012) (“Hence there can be no justification for needlessly rendering provisions in conflict if they can be interpreted harmoniously.”) [ ]

Section 1337(a)(1)(B)(i) speaks in terms of “articles that—infringe.” The majority says that this is not how we naturally refer to infringement under § 271—that we normally think in terms of a person or entity doing the infringing. The majority claims that this “disparity” requires that the Commission, and not our court, resolve the “uncertainty.” Maj. Op. at 15–16. This argument—newly asserted by the government in this _en banc_ proceeding—lacks logical grounding.
Although it is people who are liable for infringement under the law, it is the underlying article or methods that are the focus of an infringement analysis. It is to the aspects of articles that are manufactured, sold, or offered for sale or methods that are “used” that an element-by-element comparison with the patent claims is made. Multiple subsections of § 271 tie conduct directly to an article. For example, § 271(a) defines infringement as conduct involving the “mak[ing],us[ing], offer[ing] to sell, or sell[ing] any patented invention.” The “patented invention” of § 271(a) is the equivalent to the “article” in § 1337(a)(1)(B)(i). In the one situation where this analogy breaks down—method claims—the Commission has not said that the statute is inexorably ambiguous, it has instead concluded that § 1337(a)(1)(B)(i) does not apply to post-importation conduct that infringes method claims. Certain Electronic Devices, 2012 WL 3246515, at *12. And, § 271(c) ties contributory infringement to conduct involving “a component of a patented machine, manufacture, combination or composition.” Similar to § 271(a), this “component” is the equivalent to the “article” in § 1337(a)(1)(B)(i).

* * *

“It is . . . our task to determine the correct reading” of § 1337(a)(1)(B)(i) in light of § 271, and we cannot pass this task to the Executive Branch where Congress is unambiguous. [King v. Burwell, 135 S. Ct. 2480, 2489 (2015)]. Congress provided the Commission with clear instructions: the Commission may bar the importation of any articles that could be found to be infringing under the Patent Act at the time of importation. See 19 U.S.C. § 1337(a)(1)(B)(i). Claims of induced infringement predicated on the potential completion of all steps of a method claim after importing the article do not meet this requirement under the plain language of the statute. There is no need to rely on the Commission’s interpretation in light of the clear statutory language in § 1337(a)(1)(B)(i).

Suprema, Inc. v. Int'l Trade Comm’n, __ F.3d __, __ (Fed. Cir. 2015) (en banc) (O’Malley, J., dissenting)
V. TWISTING A STATUTORY “NOSE OF WAX”

Just as claim language creates a statutory boundary of protection, statutory wording sets forth the patent law ground rules for what actions do and do not constitute infringement; or, in the case of the International Trade Commission, which acts of importation do or do not constitute an actionable act of unfair competition:

The statute unmistakably says that an unfair trade action requires infringement at the border, 19 U.S.C. § 1337(a)(1)(B)(i), whereas the actions in *Suprema* clearly are not acts of infringement at all at that stage. At most, infringement liability attaches when the goods have long passed the border and there is an actual act of “active inducement” under 35 USC § 271(b).

The majority has taken the statute and twisted its wording like the proverbial “nose of wax”. The nineteenth century “nose of wax” lesson for sticking to the wording of patent claims is equally true for sticking to clear statutory wording:

“Today the Court *** departs from the underlying principle which, as the Court pointed out in *White v. Dunbar*, 119 U.S. 47, 51 (1886), forbids treating a patent claim 'like a nose of wax, which may be turned and twisted in any direction, by merely referring to the specification, so as to make it include something more than, or something different from, what its words express. * * * The claim is a statutory requirement, prescribed for the very purpose of making the patentee define precisely what his invention is; and it is unjust to the public, as well as an evasion of the law, to construe it in a manner different from the plain import of its terms.'”

VI. CONCLUSION

*Suprema* represents a remarkable departure from the general rule that the Federal Circuit “must interpret statutory words as ‘taking their ordinary, contemporary, common meaning,’ unless otherwise defined by Congress.” *Glaxo Operations UK Ltd. v. Quigg*, 894 F.2d 392, 395 (Fed. Cir. 1990) (citing *Ethicon, Inc. v. Quigg*, 849 F.2d 1422, 1426 (Fed.Cir.1988), quoting *Perrin v. United States*, 444 U.S. 37, 42 (1979)).