EXTRATERRITORIAL INFRINGEMENT *CERTIORARI* PETITION IN THE *LIFE TECHNOLOGIES* CASE

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Overview

- Most likely on either June 20 or 27 the Supreme Court will announce grant or denial of the petition for *certiorari* in *Life Technologies Corp. v. Promega Corp.,* Supreme Court No. 14-1538.
- The petition seeks review of *Promega Corp. v. Life Technologies Corp.,* 773 F.3d 1338 (Fed. Cir. 2014)(Chen, J.).

Overview

- If *certiorari* is granted, it is expected that the Court will focus upon the second *Question Presented* in the petition:
- "Whether the Federal Circuit erred in holding that supplying [for offshore assembly] a single, commodity component of a multi-component invention from the United States is an infringing act under 35 U.S.C. § 271(f)(1)***."

Overview

- If *certiorari* is granted in *Life Technologies,* the case would be briefed on the merits during the Summer.
- Merits argument would take place in all likelihood during the coming Winter.
- A merits opinion would be issued in the weeks before conclusion of the Term that runs until the end June 2017.

The *Deepsouth* Case

Deepsouth Packing Co. v. Laitram Corp., 406 U.S. 518 (1972), denied infringement of a claim to a combination of elements where the combination took place ***outside the United States***:

- The ***unassembled*** elements were sold in the United States (hence, without infringement of the claim to the combination of elements).
- The elements were then ***combined offshore***, i.e., outside the United States, so there was no direct infringement under Section 721(a).

The *Deepsouth* Case

Congress overruled *Deepsouth;* it created a ***new,*** parallel definition of infringement under Section 271(f)(1):

Section 271(f)(1) defines patent infringement as a ***domestic sale*** of components of a patented combination, where infringement, here, is defined as "suppl[ying] *** from the United States ***all or a substantial portion of the components*** of a patented invention" for offshore assembly.

1871 *Oil Lamp Burner Case*, Genesis for § 271(c)

The law of contributory infringement is traced to the 1871 *Oil Lamp Burner* case, *Wallace v. Holmes*, 29 F.Cas. 74 (No. 17,100) (CC Conn. 1871).

- All but one component of a patented combination was sold to consumers.
- The final component was added by the consumer.

1871 *Oil Lamp Burner Case*, Genesis for § 271(c)

The *Oil Lamp Burner* case resulted in a case law infringement determination under a new theory of contributory infringement, as explained in *Dawson Chemical Co. v. Rohm and Haas Co.*, 448 U.S. 176, 179-80 (1980)(citing the *Oil Lamp Burner* case).

1871 *Oil Lamp Burner Case*, Genesis for § 271(c)

The *Oil Lamp Burner* case is codified in the 1952 Patent Act as 35 USC § 271(c) as creating contributory infringement liability by–

"**[O]ffer[ing] to sell or sell[ing] within the United States *** a component of a patented *** combination** ***, 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 noninfringing use[.]"

1871 *Oil Lamp Burner Case*, Genesis for § 271(c)

Is there a contributory infringement remedy under the *Oil Lamp Burner* case where the claimed combination is put together outside the United States?

In *Deepsouth Packing Co. v. Laitram Corp*., 406 U.S. 518 (1972), the ***unassembled components*** of a patented combination were sold in the United States, but the customer ***assembled the components offshore*** – thus, the claimed combination only made ***offshore*** .

In *Deepsouth,* the Court said that § 271(c) does not apply to foreign creation of the claimed combination.

1871 *Oil Lamp Burner Case*, Genesis for § 271(c)

New section 271(f)(1) establishes infringement liability against a person who "supplies *** in or from the United States ***all or a substantial portion of the components of a patented invention***, where such components are uncombined ***, 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."

Life Technologies at the Supreme Court

In *Life Technologies*, the patentee claims a five component genetic testing kit with five separate elements, (1) a primer mix; (2) *Taq* polymerase; (3) PCR reaction mix including nucleotides; (4) a buffer solution; and (5) control DNA.

- The accused infringer makes component (2) (the *Taq* polymerase) in the United States.
- The other four components together with component (2) are combined ***in Europe*** to produce the claimed five component kit.

Life Technologies at the Supreme Court

The Federal Circuit concluded that the export of this ***one component*** constitutes patent infringement under 35 USC § 271(f)(1).

But, Section 271(f)(1) defines infringement as "suppl[ying] *** from the United States ***all or a substantial portion*** of the components of a patented invention *** in a manner that would infringe the patent if such combination occurred within the United States[.]"

The C.V.S.G. Order

- Responsive to the petition for *certiorari* at the Supreme Court, the Court took the relatively rare step of issuing a **CVSG** Order asking the Solicitor General to file an *amicus* brief advising whether to grant *certiorari.*
- "**CVSG**" is a "**C**all for the **V**iews of the **S**olicitor **G**eneral", an "invitation" by the Court asking for the Government's recommendation whether to grant *certiorari.*

The C.V.S.G. Brief by the Government

- The CVSG *amicus brief* recommends ***grant of certiorari*** as to the second "Question Presented":
- "2. Whether a supplier can be held liable for providing 'all or a substantial portion of the components of a patented invention' from the United States when the supplier ships for combination abroad only a single commodity component of a multi-component invention."

C.V.S.G. Reason (1) for Grant, Wording of the Law

- The Solicitor General argues that as a matter of ***English usage*** the supply of just one of the five components of the patented combination does not meet the requirement of 35 USC § 271(f)(1):
- The statute requires that there must be a "suppl[y] *** from the United States ***all or a substantial portion*** of the components of [the] patented invention ***."

C.V.S.G. Reason (2) for Grant, Extraterritoriality

- "Th[e] presumption [against extraterritoriality] 'assume[s] that legislators take account of the legitimate sovereign interests of other nations when they write American laws,' and that 'foreign conduct is [generally] the domain of foreign law." *Microsoft* [*Corp. v. AT & T Corp*., 550 U.S. 437, 455-56 (2007)]."

C.V.S.G. Reason (2) for Grant, Extraterritoriality

- "The Court in *Microsoft* described Section 271(f)(1) as 'an exception to the general rule that our patent law does not apply extraterritorially,' in that it imposes liability for domestic conduct (shipping components from the United States) that induces particular foreign conduct (the manufacture in a foreign country of an invention that is patented in the United States)."

C.V.S.G. Reason (2) for Grant, Extraterritoriality

- "Because the scope of liability under Section 271(f)(1) will affect the foreign conduct of the recipients of the components, the presumption against extraterritoriality is "instructive in determining the extent of" the provision's coverage."

C.V.S.G. Reason (2) for Grant, Extraterritoriality

- "The [Federal Circuit]'s decision in this case expands Section 271(f)(1)'s extraterritorial reach in a way that impinges on 'legitimate [foreign] sovereign interests.' *Microsoft*, 550 U.S. at 455. When Section 271(f)(1) is correctly construed to cover only those defendants who have supplied all or most of a patented invention's components from the United States, domestic conduct constitutes the bulk of the overarching transaction, and [under the statute] ***the only extraterritorial conduct affected is that of receiving all or most of the components from the United States and combining them to produce the invention***. →

C.V.S.G. Reason (2) for Grant, Extraterritoriality

→ Liability under Section 271(f)(1) is therefore closely tied to circumvention of U.S. patent law. Under the [Federal Circuit]'s approach, by contrast, liability could be based on domestic conduct that plays a relatively minor role in the transaction, in derogation of foreign states' legitimate sovereign interest in permitting their citizens to use imported staple articles to assemble and sell inventions that are not patented abroad."

Certiorari Grant Now– or in a Later Case

- Will *certiorari* be granted on this issue?
- Yes, but the real question is whether the grant is ***in this case*** or some future case.
- It is a matter of ***discretion*** whether the Court will grant *certiorari* in *this* case: With one of the nine seats on the Court vacant, four of the now eight members of the Court must affirmatively vote "yes" for grant of *certiorari.*

Certiorari Grant Now– or in a Later Case

- It is ***not*** at all certain that the Court will grant *certiorari* in ***this*** case:
- The Court may, instead, grant review in some future case raising the same issues as it did in a previous interpretation of extraterritorial infringement:

Certiorari Grant Now– or in a Later Case

- In *Eolas Technologies Inc. v. Microsoft Corp*., 399 F.3d 1325 (Fed. Cir. 2005)(Rader, J.), the Court ***denied*** grant of *certiorari, Microsoft Corp. v. Eolas Technologies Inc*., 546 U.S. 998 (2005).
- Two years later, in *Microsoft Corp. v. AT & T Corp*., 550 U.S. 437 (2007), the same issue was taken up as in *Eolas* where the Court ***granted*** *certiorari.*

Implications

- Beyond the actual holding in this case, *Life Technologies* represents another example of a clear Federal Circuit interpretation of a statute going beyond the literal wording of the law with implications of extraterritoriality.
- *Life Technologies* contributes to an ongoing, close scrutiny of Federal Circuit patent cases by the Supreme Court.

About the Author

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The organization's mission is to "explor[e] ways to strengthen and improve the patent system" as explained on its website, https://www.thenaplesroundtable.org/

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