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PERSPECTIVE

But I believe the patent is invalid!

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Even if you do not make, use or sell a patented device or practice a patented method, you can still be held liable as an infringer of a patent if you induce another to engage in infringing conduct. To show induced infringement under 35 U.S.C. Section 271(b), a patent owner must prove that the accused infringer had knowledge of the patent, and knowledge that the induced acts constitute patent infringement.

Induced infringement typically arises in situations where it may be more efficient to allege that an entity selling a product for use by, or selling components to, its customers with instructions on how to use the product or perform a method induces infringement by its customers — rather than alleging that the customers are direct infringers.

The latest development in the case law involving induced infringement comes from *Commil v. Cisco*. In *Commil*, the U.S. Court of Appeals for the Federal Circuit held that an accused infringer's good-faith belief that the patent-in-suit is invalid is a factor in determining liability for inducing infringement. The U.S. Supreme Court recently granted a writ of certiorari in *Commil*, and the nine justices will soon decide whether the Federal Circuit was right in its holding.

Commil follows a line of cases involving the level of requisite intent required to show induced infringement starting with *DSU Medical v. JMS Co.* In *DSU*, the Federal Circuit held that a plaintiff must prove that an accused infringer had specific intent to encourage another's infringement, and that an accused infringer's "deliberate indifference" to the risk of infringement was within the scope of specific intent. The court further held that a good-faith belief of non-infringement can negate the knowledge element.

Subsequently, in *Global-Tech Appliances Inc. v. SEB S.A.*, the Supreme Court held that "deliberate indifference" was insufficient to establish the requisite intent. In an 8-1 decision, the justices held that proving induced

infringement requires knowledge that the induced acts constitute patent infringement. Borrowing from criminal law, the Supreme Court adopted a "willful blindness" standard, reasoning that those "who know enough to blind themselves to direct proof of critical facts in effect have actual knowledge of those facts."

So, what happens if the accused inducer does not go willfully blind, but rather takes appropriate steps to form a good-faith belief that the patent is invalid? The Federal Circuit considered this question in *Commil*. Basing its principal reasoning on the axiom that "one cannot infringe an invalid patent," the court held that evidence of a good-faith belief of invalidity is admissible to show a lack of requisite intent, and should be considered by the jury to determine the accused infringer's knowledge that the induced acts constitute infringement.

That may not be the final answer, however, as the question is now before the Supreme Court. The petitioner and eight amici curiae have argued that defending against inducement by asserting a good-faith belief of invalidity conflicts with the presumption of validity. In their opinion, only actual invalidity, not a good-faith belief in invalidity, is a defense to induced infringement, and the requisite knowledge for inducement should be satisfied upon notice of the patent and its potential relevance to the infringing activities. According to this side, allowing a defense based on a good-faith belief of invalidity would vitiate induced infringement, as every accused infringer would almost always proclaim a good-faith belief that the subject patent is invalid. The petitioner's side also argues that the "good-faith belief of invalidity" defense unfairly impedes patent enforcement by undermining patentees' ability to pursue infringement claims against induced infringers in cases where suing the direct infringers — customers and consumers — is impractical.

The respondent and nine other amici argue that infringement presupposes the existence of a valid patent. They believe accused infringers often have a good-faith basis to believe that the

patent is invalid based on a broad claim construction, or that their products do not infringe as a result of a narrow claim construction. Any change in law would unquestionably lead to a lower standard for proving induced infringement by requiring no more than knowledge of the patent, which runs counter to *Global-Tech*.

The respondent's side cautions that overturning the Federal Circuit's decision would expose businesses to unwarranted liability for the conduct of their customers even if they believe the customers are not infringing because the patent is not valid. This exposure would be even more pronounced in cases involving patent holders and non-practicing entities which are financially incentivized to assert questionable claims of induced infringement against sellers as opposed to customers.

It is often risky to predict how the Supreme Court will rule, but if the oral argument is any slight indication of the justices' stance on induced infringement, the court does not appear to be inclined to reverse the Federal Circuit. Chief Justice John Roberts quickly challenged one of the petitioner's main arguments that invalidity is different from non-infringement because patents carry a presumption of validity. He remarked that a 40 percent rate of finding challenged patents invalid was "not much of a presumption of validity." Justice Antonin Scalia also appeared skeptical about the petitioner's position, adding that "it seems to me that if you don't know that you're infringing or that you're encouraging somebody to infringe is no worse than you're not knowing that the patent is invalid." Scalia pointed out that the defense does not leave the patentee without a claim, by asking "Well, you still have a cause of action against the person who infringes, right?" But Justice Elena Kagan likely set the tone of what's to come when she articulated that good-faith defenses of non-infringement and invalidity are "so intertwined and so two sides of the same coin that they should be treated in the same way."

But the good-faith defense of invalidity is not without criticism. At

least one justice showed concern that a good-faith defense of invalidity gives accused infringers a free token to roll the dice, and shifts the economic risk to the patentees. Justice Sonia Sotomayor remarked, "I don't know why the patent owner has to suffer the loss of royalties to your gamble that the patent is void, because presumably they've proven that you knew your steps infringed."

Will companies be able to defend against charges of induced infringement by proclaiming a good-faith belief that the asserted patent is invalid? Hopefully, the Supreme Court will give us a clear answer in a few months.

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