

Intellectual Property Alert

February 24, 2017

Key Points

- The Supreme Court held that infringement for supplying components of a patented invention overseas under 35 U.S.C. 271(f)(1) requires supplying **more than one** component.
- A party may still be liable, however, for supplying a single component overseas under Section 271(f)(2) if that component is especially made or especially adapted for use in the invention and is not a staple article or commodity.



The Supreme Court Limits Patent Infringement Liability for Exporting Single Component of a Patented Invention

Introduction

On February 22, 2017, the Supreme Court in *Life Technologies v. Promega* held that shipping a **single** component of a multicomponent invention from the United States—to be assembled abroad—does not give rise to liability under Section 271(f)(1) of the Patent Act. Under Section 271(f)(1), it is an act of infringement to supply **from** the United States “**all or a substantial portion of the components** of a patented invention . . . as to actively induce [a] combination” that would be infringing if the combination of the components occurred in the U.S. This provision is generally asserted against entities that sell component(s) of a patented invention overseas, whereby the final patented invention is combined or completed overseas. The unanimous decision reversed the Federal Circuit’s holding that “a substantial portion” under Section 271(f)(1) is a **qualitative** measurement of the “importance” of the component(s). Instead, the Supreme Court held that “a substantial portion” is a **quantitative** measurement and that, as a matter of law, supplying a single component is never sufficient.

While this opinion, on its face, could be seen as a broad win for exporters, the holding is actually rather narrow. First, although the Court held that more than one component is required under Section 271(f)(1), it did not say **how much more** than one is required to trigger liability. Second, a party can still be liable under Section 271(f)(2) if it supplies a single component overseas that is “especially made or especially adapted for use in the invention and not a staple article or commodity.”

Infringement Under Section 271(f)(1) Requires Supplying More Than One Component Overseas

Life Technologies Corp. (“Life Tech”) began shipping one component—an enzyme—of a five-component DNA test from the United States to its manufacturing facility in the United Kingdom, where the final product was assembled. Promega, who owns the U.S. patent for the DNA test, filed suit alleging that Life

Tech infringed under 35 U.S.C. 271(f)(1). After the jury found Life Tech liable for infringement, the district court granted Life Tech's motion for judgment as a matter of law of noninfringement because the phrase "all or a substantial portion" under Section 271(f)(1) cannot cover supplying only a single component. On appeal, the Federal Circuit disagreed with the district court and reinstated the jury's finding of infringement based on the single component because the enzyme shipped to the United Kingdom. was necessary for the DNA test to work. Thus, the single enzyme component met the "substantial portion" requirement under Section 271(f)(1) because the component was **qualitatively** important to the overall patented invention.

In reversing the Federal Circuit, the Supreme Court first concluded that the term "substantial portion" was a **quantitative**—not a **qualitative**—measurement. The Court noted that the context of the statute necessitates a quantitative interpretation: "all" and "portion" convey a quantitative meaning, and the phrase "of the components of a patented invention" would be superfluous if "substantial" were merely qualitative. The Court also rejected Promega's proposal that "substantial" can mean either qualitative or quantitative, recognizing that courts cannot leave statutory interpretation in the hands of the jury on an *ad hoc* basis. Leaving such ambiguity within the statute would prevent market participants from attempting to avoid liability.

The Supreme Court next concluded that a single component cannot constitute a "substantial portion" to trigger liability under Section 271(f)(1). The Court focused on the statute's use of "components" in the plural, comparing that language to the use of the singular "any component" in Section 271(f)(2). Section 271(f)(2) relates to supplying a single specific component "especially made or especially adapted for use in the invention." The Court held that "[r]eading § 271(f)(1) to cover any single component would not only leave little room for § 271(f)(2), but would also undermine § 271(f)(2)'s express reference to a single component 'especially made or especially adapted for use in the invention.'" Thus, based on the actual text, the context and the statutory structure, the Supreme Court concluded that Section 271(f)(1) requires "components" in the plural because it was intended to require **more than one** component.

Case Impact

The Supreme Court's opinion creates a clear defense to infringement under Section 271(f)(1): if a party supplies only one component, it cannot be liable for infringement as a matter of law. If the Court had maintained the Federal Circuit's ruling, it could have vastly broadened the extraterritorial reach of Section 271(f)(1) and drastically increased the exposure of domestic firms that sell only a single component of a patented invention. But to be clear, the Court did not determine what number of components constitutes a "substantial portion," and, thus, supplying any number of components greater than one can create risk under Section 271(f)(1).

Also, the Court's holding does not affect any potential liability under Section 271(f)(2). The Court recognized that a party may be liable under Section 271(f)(2) for supplying a single component if that component is especially made or adapted for use in the patented invention. Notably, the Court viewed Section 271(f)(2) as filling the qualitative measurement excluded from Section 271(f)(1). Ultimately, if a

party supplies only a single component overseas, and that component is not especially made or adapted for use in the invention (or is otherwise a commodity), then that party cannot be liable for infringement.

Life Tech. Corp. et al. v. Promega Corp. et al., case number 14-1538, in the Supreme Court of the United States

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