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VEPACHEDU EDUCATIONAL FOUNDATION

The Andhra Journal of Industrial News

IP and Industry News

INDUCED INFRINGEMENT

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A patent owner or licensee can recover damages when exclusionary intellectual property rights are violated. A patent can be infringed directly and indirectly, because it is unlawful to make, use, sell, or offer to sell a patented thing or process without the patent holder's permission[2].

Direct infringement occurs if unauthorized persons or entities copy, use, or otherwise directly infringe upon the patented invention. Under this form of liability, a defendant's mental state is irrelevant. Direct infringement is a strict-liability offense[3].

Indirect infringement injury occurs when the actor induces others to infringe the patent. In contrast to direct infringement, liability for inducing infringement attaches only if the defendant knew of the patent and that the induced acts constitute patent infringement[4]. Infringement by inducement is a form of secondary liability for patent infringement. Secondary liability is derived from the original or primary liability, an obligation for which a party is directly responsible. In general, secondary liability does not arise unless the party with primary liability is unable or otherwise fails to honor its obligation. Case law establishes proof of intent as a necessary element for a claim of inducement. Circumstantial proof that the person accused of inducing infringement knew of the patent, and knew that his or her activities would lead to infringement of the patent is generally sufficient to establish the requisite intent[5]. Knowledge may in some circumstances be inferred from strong suspicion of wrongdoing coupled with active indifference to the truth(6). Ignorance is deliberate if the defendant was presented with facts that put her on notice that criminal activity was particularly likely and yet she intentionally failed to investigate those facts[7].

The Federal Circuit in Global-Tech[8] held that this "knowledge" requirement can be met by showing "willful blindness" by the defendant, i.e., that the defendant (1) "subjectively believe[s] that there is a high probability" that a patent exists and that the defendant's acts infringe that patent; and (2) "take[s]

deliberate actions to avoid learning" about those facts. Further, it was held that "specific intent" under § 271(b) in the civil context was not so narrow as to allow an accused wrongdoer to actively disregard a known risk that an element of the offense exists. Such "deliberate indifference" to a known risk is not different from actual knowledge, but is a form of actual knowledge. However, the U.S. Supreme Court, in *Global-Tech*[(9)], clarified the knowledge requirement for inducing patent infringement and held that liability for inducing patent infringement requires knowledge that the induced acts constitute patent infringement. The Court stated that inducement under 35 U.S.C. 271(b) requires the same knowledge that is also required under contributory infringement – knowledge of the existence of the patent that is infringed. The Court rejected the Federal Circuit's "deliberate indifference" test for assessing the knowledge requirement of inducing infringement, which allowed a finding of knowledge when there is merely a known risk that a patent may exist covering the infringing product. While deliberate indifference will not satisfy the knowledge requirement, the Supreme Court stated that knowledge may be found under the doctrine of willful blindness. The willful blindness instruction allows the jury to impute the element of knowledge to the defendant if the evidence indicates that he purposely closed his eyes to avoid knowing what was taking place around him[(10)]. A court can properly find willful blindness only where it can almost be said that the defendant actually knew[(11)]. By contrast, a reckless defendant is one who merely knows of a substantial and unjustified risk of such wrongdoing[(12)], and a negligent defendant is one who should have known of a similar risk but, in fact, did not[(13)].

Recently, the SCOTUS in *Commil USA*[(14)] overturned the CAFC ruling[(15)] and held that "reasonable belief that the infringed patent was invalid" is no excuse and does not absolve liability for induced infringement that the accused infringer had a reasonable belief that the infringed patent was invalid. There are practical reasons not to create a defense of belief in invalidity for induced infringement. Accused inducers who believe a patent is invalid have other, proper ways to obtain a ruling to that effect, including, e.g., seeking ex parte reexamination of the patent by the Patent and Trademark Office[(14)].

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Further, the SCOTUS reasoned that when infringement is the issue, the patent's validity is not the question to be confronted [16], due to the long held presumption that a patent is valid [17] would be undermined, permitting circumvention of the high bar of clear and convincing standard that defendants must surmount to rebut the presumption[18]. As a result, the reliance on patent owner's proof of lack of specific intent to cause infringement, based on noninfringement and/or invalidity opinion of legal counsel[19], may not be viable any longer.

Therefore, an allegation of invalidity and a belief thereof (supported by legal opinion) do not absolve liability for induced infringement due to willful blindness. An opinion of invalidity from the legal counsel together with IP insurance [20] may mitigate the problem of induced infringement. Alternative may be invalidating the patent in question through *ex parte* reexamination[21].

References:

1. Rao Vepachedu: www.linkedin.com/in/vepachedu and http://www.crm-ip.com/vepachedu.html;.

http://www.avvo.com/profile/dashboard.

2. Consolidated Patent Laws - May 2015 Update available at: http://www.uspto.gov/web/offices/pac/mpep/consolidated_laws.pdf
   35 U.S.C. 271 Infringement of patent.
   (a) Except as otherwise provided in this title, whoever without authority makes, uses, offers to sell, or sells any patented invention, within the United States, or imports into the United States any patented invention during the term of the patent therefor, infringes the patent.
   (b) Whoever actively induces infringement of a patent shall be liable as an infringer.
3. *Global-Tech Appliances, Inc. v. SEB S.A, 563 US (slip op., at 5, n. 2) (2011).*
4. *Id., (slip op., at 10).*
5. *DSU Med. Corp. v. JMS Co., Ltd., 471 F.3d 1293 (Fed. Cir. 2006).*
6. *United States v. Draves, 103 F. 3d 1328, 1333 (CA7 1997).*
7. *United States v. Florez, 368 F. 3d 1042, 1044 (CA8 2004).*
8. *Global-Tech Appliances, Inc. v. SEB S.A 563 US (2011).*
9. *Id.*
10. *United States v. Schnabel¸ 939 F. 2d 197, 203 (CA4 1991).*
11. A willfully blind defendant is one who takes deliberate actions to avoid confirming a high probability of wrongdoing and who can almost be said to have actually known the critical facts. "A court can properly find wilful blindness only where it can almost be said that the defendant actually knew." *G. Williams, Criminal Law § 57, p. 159 (2d ed. 1961).*
12. *ALI, ModelPenal Code §2.02(2)(c) (1985).*
13. Model Penal Code § 2.02(2)(d).

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14. *Commil USA, LLC v. Cisco Systems, Inc. (575 US (2015))*; available at: http://www.supremecourt.gov/opinions/14pdf/13-896_l53m.pdf
15. The Court of Appeals for Federal Circuit (CAFC) reasoned that "evidence of an accused inducer's good-faith belief of invalidity may negate the requisite intent for induced infringement." *Commil USA, LLC v. Cisco Systems, INC. 720 F. 3d, at 1368.*
16. *Cardinal Chemical Co.* v. *Morton Int'l, Inc.*, (92-114), 508 U.S. 83 (1993); https://www.law.cornell.edu/supct/html/92-114.ZO.html.
17. 35 USC §282(a).
18. *Microsoft Corp.* v. *i4i Ltd. Partnership*, 564 US (2011), http://www.supremecourt.gov/opinions/10pdf/10-290.pdf.
19. *DSU Medical Corp. v. JMS* Co., *471 F.3d 1293, 1307 (Fed. Cir. 2006).* The Court upheld a jury verdict that a defendant did not induce infringement because it lacked specific intent, based in part on opinion letters from counsel advising that a product did not infringe.
20. Intellectual Property Insurance: http://www.crm-ip.com/insurance.html
21. The basic characteristics of *ex parte* reexamination are as follows:
    (A) Anyone can request reexamination at any time during the period of enforceability of the patent;
    (B) Prior art considered during reexamination is limited to prior art patents or printed publications applied under the appropriate parts of 35 U.S.C. 102 and 103;
    (C) A substantial new question of patentability must be present for reexamination to be ordered;
    (D) If ordered, the actual reexamination proceeding is *ex parte* in nature;
    (E) Decision on the request must be made no later than 3 months from its filing, and the remainder of proceedings must proceed with "special dispatch" within the Office;
    (F) If ordered, a reexamination proceeding will normally be conducted to its conclusion and the issuance of a reexamination certificate;
    (G) The scope of a claim cannot be enlarged by amendment;
    (H) All reexamination and patent files are open to the public, but see paragraph (I) below;
    (I) The reexamination file is scanned into IFW to provide an electronic format copy of the file. All public access to and copying of the reexamination file may be made from the electronic format copy available through PAIR. Any remaining paper files are not available to the public. http://www.uspto.gov/web/offices/pac/mpep/s2209.html
    MPEP § 2242 and § 2286 relate to the Patent Office policy controlling the determination on a request for reexamination and the subsequent examination phase of the reexamination where there has been a Federal Court decision on the merits as to the patent for which reexamination is requested.

Source: The primary sources cited above, New York Times (NYT), Washington Post (WP), Mercury News, Bayarea.com, Chicago Tribune, USA Today, Intellihealthnews, Deccan Chronicle (DC), the Hindu, Hindustan Times, Times of India, AP, Reuters, AFP, womenfitness.net, about.com, mondaq.com, etc.

Om! Asatoma Sadgamaya, Tamasoma Jyotirgamaya, Mrityorma Amritamgamaya, Om Shantih, Shantih, Shantih!
(Aum! Lead the world from wrong path to the right path, from ignorance to knowledge, from mortality to immortality, and peace!)

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