

LIABILITY FOR INDUCEMENT OF INFRINGEMENT UNDER THE PATENT ACT

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In 1990, the Federal Circuit created an intra-circuit split on the standard for the intent needed to support a finding of inducement of infringement under the Patent Act. For the sixteen years that this intra-circuit split persisted, it was unclear whether inducement to infringe required merely an intent to cause the acts that constituted infringement (a low threshold of liability), or whether the alleged inducer would have to have the specific intent to encourage direct infringement (a high threshold of liability).

In December, 2006, the Federal Circuit, sitting *en banc*, resolved the split in *DSU Medical Corporation v. JMS Co., Ltd.*¹ The *DSU Medical* court adopted the higher of the two intent standards articulated by the earlier panels. In short, *DSU Medical* established that inducement of infringement under the Patent Act requires that the alleged inducer: (1) knowingly cause the acts that constitute direct infringement; and (2) possess specific intent to encourage those acts of direct infringement. *DSU Medical* also established that the requisite intent for the second element above requires “more than just intent to cause the acts that produce direct infringement. Beyond that threshold knowledge, the inducer must have an affirmative intent to cause the direct infringement.”² Thus, this requires a showing of “evidence of culpable conduct, directed to encourage another’s infringement, not merely that the inducer had knowledge of the direct infringer’s activities.”³ As a result, it has now become more difficult to prove inducement of infringement under the Patent Act.

I. The Statutory Basis for Liability for Inducement to Infringe Under the Patent Act

A. The Theory of Secondary Liability

Secondary liability is liability that is imposed upon a defendant who did not directly commit the wrongdoing at issue, but whom the law nonetheless holds responsible for the injuries caused.⁴ It is used in both patent law and copyright law, although it has statutory roots in the former instance and common law roots in the latter.

* Professor of Business Law, Stephen M. Ross School of Business at the University of Michigan. © 2007 Lynda J. Oswald. The background sections of this paper were drawn in part from Lynda J. Oswald, *The Intent Element of “Inducement to Infringe” Under Patent Law: Reflections on Grokster*, 13 MICH. TELECOMM. & TECH. L. REV. 225 (2005) & Lynda J. Oswald, *International Issues in Secondary Liability for Intellectual Property Rights Infringement*, 45 AMERICAN BUSINESS LAW JOURNAL (forthcoming 2008).

¹ 471 F.3d 1293 (Fed. Cir. 2006).

² *Id.* at 1306.

³ *Id.*

⁴ Mark Bartholomew & John Tehranian, *The Secret Life of Legal Doctrine: The Divergent Evolution of Secondary Liability in Trademark and Copyright Law*, 21 BERKELEY TECH. L. J. 1363, 1366 (2006).

Imposition of secondary liability has been justified on both efficiency grounds (i.e., as a mechanism to shift costs to those in the best position to prevent future harm), and on moral grounds (i.e., those who intend to bring about a harm should be held liable even if another party was the direct cause of the harm incurred by the plaintiff).⁵ There are pragmatic reasons for imposing secondary liability as well. In practical terms, secondary liability provides a means of affording intellectual property rights holders relief in situations where suing the direct infringer is impracticable (e.g., because the direct infringer is financially incapable of compensating fully for the damages, or is a customer of the intellectual property rights holder), or where the actual infringement by each direct infringer is so small that the costs of litigation would greatly exceed the recovery, even though the aggregate damages caused by the direct infringement might be very large.⁶ In these instances, it may be more practical to sue the indirect infringers who, in many instances, may well be more morally culpable for the infringement than the direct infringer anyway. As the U.S. Supreme Court noted in *MGM v. Grokster*: “When a widely shared service or product is used to commit infringement, it may be impossible to enforce rights in the protected work effectively against all direct infringers, the only practical alternative being to go against the distributor of the copying device for secondary liability on a theory of contributory or vicarious infringement.”⁷

B. Historical Development of Inducement Liability Under the Patent Act

The first U.S. patent act, enacted in 1790, embraced the notion of liability for direct infringement of a patent. Indirect patent infringement liability, on the other hand, developed initially as form of common law.⁸ Over a century ago, the courts, recognizing that imposing only liability for direct infringement might well allow parties whose culpability in the infringing actions is even greater than that of the direct infringer to escape liability, developed a doctrine of contributory liability for patent infringement. Initially, contributory liability was applied to those who did not directly infringe another’s patent, yet who nonetheless helped others to infringe by supplying a component part specially adapted to infringement.⁹ A second line of cases also emerged, addressing those situations where the component had non-infringing uses but was used for infringing purposes.¹⁰ While the courts were reluctant to automatically hold liable a defendant who sold a component that had both infringing and non-infringing uses, they did hold defendants liable where the evidence indicated that those defendants were actually encouraging infringement by the end users (i.e., the direct infringers).¹¹ Thus, inducement of infringement began as a subset of contributory infringement,¹² although today it is recognized as a separate cause of action.

⁵ *Id.*

⁶ See *In re Aimster Copyright Litig.*, 334 F.3d 643, 645-46 (7th Cir. 2003); Lynda J. Oswald, *The Intent Element of “Inducement to Infringe” Under Patent Law: Reflections on Grokster*, 13 MICH. TELECOMM. & TECH. L. REV. 225, 235-36 (2005). See generally Mark A. Lemley, *Inducing Patent Infringement*, 39 U.C. DAVIS L. REV. 225, 228 (2005); 5 DONALD CHISUM, CHISUM ON PATENTS, § 17.04[4](f) (2006).

⁷ *MGM v. Grokster*, 545 U.S. 913, 929-30 (2005).

⁸ See Patent Act of 1790, ch. 7, 1 Stat. 109-112, § 4.

⁹ See generally Charles W. Adams, *A Brief History of Indirect Liability for Patent Infringement*, 22 SANTA CLARA COMPUTER & HIGH TECH. L.J. 369, 371-72 (2006).

¹⁰ Oswald, *supra* note 6, at 227-28.

¹¹ See 5 CHISUM, *supra* note 6, at § 17.02(1) (2006); Oswald, *supra* note 6, at 227-33.

¹² See Lemley, *supra* note 6, at 227.

These broad notions of secondary infringement developed for several decades in the patent law jurisprudence before being codified in the Patent Act of 1952, in section 271.¹³ Section 271(a) of the Patent Act addresses *direct infringement*, providing that one who practices the patented invention shall be liable for infringement.¹⁴ Liability attaches regardless of whether the defendant was aware of the patent at the time he or she was infringing it, or whether the defendant had any intent to infringe.¹⁵

Section 271(c) codifies *contributory infringement*.¹⁶ Contributory infringement liability attaches to those who supply a component of a patented invention, where the component is not technically part of the patented invention or process yet has no other substantial non-infringing use except in the patented invention or process. Unlike the direct infringement liability language found in Section 271(a), Section 271(c) makes explicit reference to knowledge, imposing liability where the defendant sells a component of a patented invention “*knowing* the same to be especially made or especially adapted for use in” infringing a patent.

Section 271(b) imposes liability for *inducement of infringement*,¹⁷ reaching those who supply a product or service that does have substantial non-infringing uses if the supplier also encourages that product or service to be used in an infringing fashion. Section 271(b) has no explicit intent requirement. Rather, the statutory language appears, on its face, to be directed to conduct, not intent, requiring that the defendant “*actively*” induce infringement. However, the courts have read an intent requirement into the statutory language of Section 271(b), and the requirement is now well-settled in Federal Circuit jurisprudence, as illustrated in *DSU Medical*, discussed below.

Under the Patent Act, neither contributory infringement liability nor liability for inducement to infringe can attach unless another party is first found to have directly infringed.¹⁸ This requirement is no mere formality, as the Federal Circuit reminded us in September, 2007, when it reversed a jury verdict that defendants were liable for inducing infringement because the patentee had failed to “either point to specific instances of direct infringement or show that the accused device necessarily infringes the patent in suit.”¹⁹ The invention in question could be used in either infringing or non-infringing manners, and the record contained no evidence of actual users having used the invention in an infringing

¹³ See 5 CHISUM, *supra* note 6, § 17.02.

¹⁴ 35 U.S.C. § 271(a) (“[W]hoever 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.”).

¹⁵ *Jurgens v. CBK, Ltd.*, 80 F.3d 1566, 1570 n.2 (Fed. Cir. 1996) (“Infringement itself . . . is a strict liability offense . . .”). See generally Lynda J. Oswald, *The Personal Liability of Corporate Officers for Patent Infringement*, 44 IDEA 115, 122 (2003) (discussing bases of liability under section 271 of Patent Act). Lack of intent to infringe or lack of bad faith may mitigate the availability of enhanced damages for infringement, but does not eliminate liability itself. See 35 U.S. § 284 (providing for enhanced damages for willful patent infringement).

¹⁶ 35 U.S.C. § 271(c) (“Whoever offers to sell . . . a component of a patented machine . . . knowing the same to be especially made or especially adapted for use in an infringement of such patent, and not a staple article . . . of commerce . . . suitable for substantial noninfringing use, shall be liable as a contributory infringer.”).

¹⁷ 35 U.S.C. § 271(b) (“Whoever actively induces infringement of patent shall be liable as an infringer.”).

¹⁸ See *Linear Tech. Corp. v. Impala Linear Corp.*, 379 F.3d 1311, 1326 (Fed. Cir. 2004)

¹⁹ *ACCO Brands, Inc. v. ABA Locks Mfgr. Co.*, 501 F.3d 1307 (Fed. Cir. 2007).

manner. The court noted that the plaintiff-patentee could have provided witness testimony of actual users who directly infringed, or could have provided customer surveys demonstrating such direct infringement but failed to do so. The court concluded that “[h]ypothetical instances of direct infringement are insufficient to establish vicarious liability or indirect infringement.”

C. The *Manville Sales* and *Hewlett-Packard* Intra-Circuit Split on the Standard of Intent for Inducement Liability

In 1990, two panels of the Federal Circuit issued opinions just three months apart from each other that set forth conflicting standards for inducement liability, thus creating an intra-circuit split.

The panel in the first of these two cases, *Hewlett-Packard v. Bausch & Lomb, Inc.*, imposed a lower intent standard: “proof of actual intent to cause the acts which constitute the infringement.”²⁰ This lower standard resulted in a broader scope of inducement liability. Under the *Hewlett-Packard* standard, a defendant could be held liable if it encouraged the acts that formed the basis for the direct infringement claim. The defendant’s good-faith beliefs as to the non-infringing nature of its actions were irrelevant, and did not excuse the defendant’s actions or mitigate its liability.

The panel in the second of the two cases, *Manville Sales v. Paramount Systems*, provided for a higher intent standard: “It must be established that the defendant possessed specific intent to encourage another’s infringement and not merely that the defendant had knowledge of the acts alleged to constitute inducement.”²¹ This higher intent standard leads to a narrower scope of liability for inducement of infringement. Under the *Manville Sales* standard, the defendant must have a culpable intent in order to be liable. A good faith belief that the induced acts are not infringing (e.g., a good faith belief that the defendant’s product does not infringe or that the plaintiff’s patent is invalid) would shield the defendant from inducement liability.

In theory, the difference in the *Manville Sales* and *Hewlett-Packard* standards could lead to very different outcomes. An alleged inducer who in good faith believes (erroneously) that a patent is not being infringed because it is invalid would have no liability under *Manville Sales*, but could nonetheless be liable under *Hewlett-Packard*. In practice, the courts often finessed the difference between the two standards by finding that the defendant’s actions satisfied the higher standard of *Manville Sales* and thus implicitly satisfied the lower standard of *Hewlett-Packard* as well,²² or by finding that there was insufficient evidence of intent to hold the defendant liable under either standard.²³

At the time the U.S. Supreme Court issued its groundbreaking opinion on secondary liability for copyright infringement in *MGM v. Grokster* in 2005, this intra-circuit split remained unresolved. Nonetheless, the Supreme Court seemed to ignore the split and the

²⁰ 909 F.2d 1464, 1458 (Fed. Cir. 1990).

²¹ 917 F.2d 544, 553 (Fed. Cir. 1990).

²² See, e.g., *Golden Blount, Inc. v. Robert H. Peterson Co.*, 438 F.3d 1354 (Fed. Cir. 2006); *Fuji Photo Film Co. v. Jazz Photo Corp.*, 394 F.3d 1368 (Fed. Cir. 2005); *Insituform Technologies, Inc. v. CAT Contracting, Inc.*, 385 F.3d 1360 (Fed. Cir. 2004).

²³ See, e.g., *MercExchange L.L.C. v. eBay, Inc.*, 401 F.3d 1360 (Fed. Cir. 2004); *MEMC Electronic Materials, Inc. v. Mitsubishi Materials Silicon Corp.*, 420 F.3d 1369 (Fed. Cir. 2005).

attendant implications when it borrowed heavily from patent law notions of secondary liability in developing its new rules for copyright secondary liability. Interestingly, in its *en banc* decision in *DSU Medical*, the Federal Circuit seemed to close the circle on this issue by referring back to *Grokster* in support of its articulation of its new standard for intent to induce under the Patent Act.

II. The Impact of *MGM v. Grokster* on Inducement of Infringement under the Patent Act

The level of intent required to impose inducement liability under Section 271(b) was unsettled at the time the United States Supreme Court decided *MGM v. Grokster*²⁴ in 2005. At first glance, it may be hard to understand why *Grokster*, a copyright case involving peer-to-peer networks, would be relevant to issues of inducement of infringement under the Patent Act. The answer lies in the convoluted relationship between notions of secondary liability under the Copyright Act and the Patent Act.

Unlike the Patent Act, the Copyright Act has no explicit statutory provisions for secondary liability. Nonetheless, the courts have imported theories of secondary liability from the Patent Act, where they are explicit, and have read them into copyright law.²⁵ Thus, the *Grokster* Court drew its liability standard for inducement of copyright infringement from the inducement of patent infringement standards of the Patent Act.

Historically, the Court has long looked to secondary liability standards of patent law as a way of establishing the contours of secondary liability under in copyright law. In 1984, for example, in *Sony Corp. of America v. Universal City Studios, Inc.*, the Supreme Court looked to patent law cases in setting the parameters of contributory copyright infringement,²⁶ although the Court cautioned that the “[t]he two areas of the law, naturally, are not identical twins, and we exercise the caution which we have expressed in the past in applying doctrine formulated in one area to the other.”²⁷

In *Grokster*, the Supreme Court explicitly imported the inducement standard from Section 271(b) of the Patent Act into copyright jurisprudence, but in so doing, it explicitly recognized “the need to keep from trenching on regular commerce or discouraging the development of technologies with lawful and unlawful potential.”²⁸ Thus, the Court qualified its holding by stating that:

[M]ere knowledge of infringing potential or of actual infringing uses would not be enough here to subject a distributor to liability. Nor would ordinary acts

²⁴ 545 U.S. 913 (2005).

²⁵ See generally Ryan Pohlman, Note, *Inducement and Grokster, Guarding Against the Pitfalls of Copyright Owners’ New Weapon*, 55 DEPAUL L. REV. 1309, 1310-12 (2006).

²⁶ 464 U.S. 417, 439 (1984):

If vicarious liability is to be imposed on Sony in this case, it must rest on the fact that it has sold equipment with constructive knowledge of the fact that its customers may use that equipment to make unauthorized copies of copyrighted material. There is no precedent in the law of copyright for the imposition of vicarious liability on such a theory. The closest analogy is provided by the patent law cases to which it is appropriate to refer because of the historic kinship between patent law and copyright law.

²⁷ *Id.* at 439 n.19.

²⁸ 545 U.S. at 937.

incident to product distribution . . . support liability in themselves. The inducement rule, instead, premises liability on purposeful, culpable expression and conduct, and thus does nothing to compromise legitimate commerce or discourage innovation having a lawful promise.²⁹

The *Grokster* Court actually introduced a fair amount of uncertainty into copyright law as a result of its decision. The Court stated that “[o]ne infringes contributorily by intentionally inducing or encouraging direct infringement,”³⁰ thus essentially redefining contributory infringement in the copyright context by replacing the knowledge element found in the statutory language of the Patent Act (which the Court was purportedly borrowing for copyright purposes) with an intent element instead. The *Grokster* Court also characterized *Sony* as prohibiting imputation of intent, rather than knowledge, but went on to explain that “nothing in *Sony* requires courts to ignore evidence of intent if there is such evidence, and the case was never meant to foreclose rules of fault-based liability derived from the common law.”³¹ However, while the Court stated that “[t]he inducement rule . . . premises liability on purposeful, culpable expression and conduct,”³² the Court provided little guidance as to what would suffice to make a showing of intent to induce. On the one hand, mere distribution, even with knowledge of potential or actual infringement is insufficient, as are “ordinary acts incident to product distribution, such as offering customers technical support or product updates”³³ However, liability would attach where an alleged inducer engaged in conduct or statements that “clearly voiced the objective . . . or encourag[ing] infringement,” such as advertising an infringing use or instructing others how to engage in an infringing use.³⁴

The *Grokster* Court seemed to contemplate imposition of inducement liability only where the defendant had specific intent to cause inducement, as it concluded that: “If liability for inducing infringement is ultimately found, it will not be on the basis of presuming or imputing fault, but from inferring a patently illegal objective from statements and actions showing what that objective was.”³⁵ Thus, the inducement standard set forth in *Grokster* was more similar to the *Manville Sales* line of cases, which requires a culpable intent to encourage direct infringement, than to the *Hewlett-Packard* line of cases, which imposes inducement of infringement liability for encouraging infringing acts regardless of the defendant’s good faith beliefs.

Interestingly, the Supreme Court never acknowledged the intra-circuit split on inducement standards under patent law when it imported Section 271(b) liability into copyright law in *Grokster*. Thus, *Grokster* left open the question of what effect that decision might have on our understanding of the intent element of inducement to infringe in the patent law area.

²⁹ *Id.*

³⁰ *Id.* at 930.

³¹ *Id.* at 934.

³² *Id.* at 937.

³³ *Id.*

³⁴ *Id.* at 934.

³⁵ *Id.* at 941.

III. *DSU Medical Corp. v. JMS Co.*: The Federal Circuit Provides Clarity – Or Does It?

A. The Decision in *DSU Medical*

The Federal Circuit decided *DSU Medical Corp. v. JMS Co.*³⁶ in December, 2006. DSU Medical Corp. and Medisystems Corp. had sued JMS North America Corp. and ITL Corp. Ltd. for infringement of two patents, alleging: (1) direct infringement; (2) contributory infringement; and (3) inducement of infringement. The only part of the opinion to be considered *en banc* was that involving the inducement of infringement claim. In Part III.B of the opinion, the Federal Circuit took the opportunity to resolve the intra-circuit split created by *Manville Sales* and *Hewlett-Packard* in 1990 regarding the intent standard for inducement of infringement under the Patent Act.

The patentee in *DSU Medical* had sued JMS and ITL for infringing patents on a needle guard assembly. ITL made “open” needle guards abroad, and sold them to JMS for distribution in the United States. JMS “closed” the guards around the needle sets before importing and selling them to U.S. customers; this closing of the guards around the needles directly infringed DSU Medical’s patents. At trial, the jury found JMS liable for direct infringement, but found ITL not liable for inducement of infringement.

On appeal, the Federal Circuit, sitting *en banc* on the inducement issue only, addressed the intent required to induce infringement. The court explicitly adopted the *Manville Sales* liability standard: “The plaintiff has the burden of showing that the alleged infringer’s actions induced infringing acts and that he knew or should have known his actions would induce actual infringements.”³⁷ This, the court found, necessarily requires that the alleged inducer have knowledge of the patent at issue. As the court stated, “inducement requires evidence of culpable conduct, directed to encouraging another’s infringement, not merely that the inducer had knowledge of the direct infringer’s activities.”³⁸ Intent to induce can be shown through circumstantial evidence; direct evidence of intent is not required.

The *DSU Medical* court explicitly reached back to the Supreme Court’s decision in *Grokster* and the rules set forth there for inducement in the context of copyright law. The *DSU Medical* court stated that the Supreme Court’s decision in *Grokster* “clarified that the intent requirement for inducement requires more than just intent to cause the acts that produce direct infringement. Beyond that threshold knowledge, the inducer must have an affirmative intent to cause direct infringement.”³⁹ The *DSU Medical* court quoted *Grokster* in stating: “The inducement rule . . . premises liability on purposeful, culpable expression and conduct” and stated that *Grokster* “validates this court’s articulation of the state of mind requirement for inducement” set forth in *Manville Sales*.⁴⁰

Interestingly, Judges Michel and Mayer concurred in the conclusion reached by the *en banc* panel, but noted that they did not believe that *Manville Sales* and *Hewlett-Packard* posed a conflict such that the court needed to decide the issue *en banc*, stating: “Such rare

³⁶ 471 F.3d 1293 (Fed. Cir. 2006).

³⁷ *Id.* at 1304.

³⁸ *Id.* at 1306 (citing *Grokster*).

³⁹ *Id.*

⁴⁰ *Id.*

intervention should be reserved for real conflicts as well as cases of exceptional importance.”⁴¹

Judge Rader, writing for the panel in the merits portion of the *DSU Medical* decision, noted that ITL had contacted both Australian and U.S. patent counsel, who had opined that the closed needle guards did not infringe. One of the owners of ITL who had participated in the design of the product testified that ITL had no intent to infringe the patent. Judge Rader concluded:

[O]n this record, the jury was well within the law to conclude that ITL did not induce JMS to infringe by purposefully and culpably encouraging JMS’s infringement. To the contrary, the record contains evidence that ITL did not believe its [product] infringed. Therefore, it had no intent to infringe.⁴²

DSU Medical creates some uncertainty in patent law. First is the uncertainty relating to the legal effect of obtaining opinion letters. *DSU Medical* suggests that opinion letters from competent counsel⁴³ may assist an alleged inducer in avoiding a finding that it has satisfied the specific intent element of inducement. In *DSU Medical*, the court found sufficient evidence to support the jury’s finding that there was no inducement where there was evidence that the alleged inducer had obtained opinions (apparently written and oral) from counsel indicating that the accused product did not infringe. Thus, *DSU Medical* could be read as allowing an alleged inducer to avoid a finding of the necessary intent by relying upon an opinion of counsel, and so to avoid all inducement liability. At a minimum, obtaining and adhering to the opinion of competent counsel might well help an infringer avoid a finding of willfulness (and imposition of the enhanced damages that can follow from such a finding).

And in fact, in at least one post-*DSU Medical* case, the district court found that the lack of a “plausible non-infringement opinion from counsel” supported an inference that the defendant had a specific intent to induce infringement.⁴⁴ In another case, however, the district court found that “[w]hile opinions of counsel are certainly probative regarding intent, they are not dispositive.”⁴⁵ In light of the Federal Circuit’s subsequent *en banc* decision in *In re Seagate*, issued on August 20, 2007, where it held there is “no affirmative obligation to obtain opinion of counsel” in the context of evaluating willfulness,⁴⁶ it is difficult to characterize the current rule regarding the role of opinion letters in patent law liability issues.

Second, the *DSU Medical* court articulated an intent standard based on whether the inducer “knew or should have known”; in fact, the court specifically endorsed the *DSU Medical* jury instructions for inducement liability, which contained the “should have known” language. This language, which is akin to a negligence standard, is undefined in the opinion. It is not clear what types of activities would trigger the “should have known” standard in the context of inducement liability.

⁴¹ *Id.* at 1311.

⁴² *Id.* at 1307.

⁴³ In *Golden Blount*, 438 F.3d at 1364-65, the Federal Circuit indicated that inducement could be found where the opinions of counsel relied upon by the alleged inducer were “incompetent.”

⁴⁴ *Wing Shing Products (BVI), Ltd. v. Simatelex Manufactory Co., Ltd.*, 479 F. Supp.2d 388 (S.D.N.Y. 2007).

⁴⁵ *Semiconductor Energy Laboratory Co. Ltd. v. Chi Mei Optoelectronics Corp.*, 2007 U.S. Dist. LEXIS 44288 (N.D. Cal. June 19, 2007).

⁴⁶ 497 F.3d 1360 (Fed. Cir. 2007) (*en banc*).

Third, the *DSU Medical en banc* opinion seems to equate knowledge and intent, thus rendering it unclear as to what type of knowledge (e.g., mere knowledge of the patent or something more?) is required, as well as leaving it unclear what the parameters of “specific intent” are.

In short, absent further clarification from the Federal Circuit on the scope of inducement liability under the patent act, it will likely take some time for the lower courts to hash out the parameters of inducement liability. As the cases below indicate, this sorting-out process is already underway.

B. Post-*DSU Medical* Cases

Federal Circuit:

ACCO Brands, Inc. v ABA Locks Mfr. Co., 501 F.3d 1307 (Fed. Cir. Sept. 12, 2007). Jury verdict of induced infringement vacated because patentee had failed to show direct infringement by a third party. There can be no inducement of infringement absent an underlying act of direct infringement.

District Courts:

Commissariat A L’Energie Atomique v. Samsung Electronics Co., 2007 U.S. Dist. Lexis 81601 (D. Del. Nov. 2, 2007). Patentee’s motion for summary judgment on inducement claim denied because of material issues of fact as to whether there was direct infringement by a third party and as to whether the alleged inducer had the requisite intent.

SEB S.A. v. Montgomery Ward & Co., 2007 U.S. Dist. LEXIS 80394 (D.N.Y. Oct. 9, 2007). Alleged inducer’s motion for judgment as a matter of law denied because there was sufficient evidence for the jury to conclude that the alleged inducer had “specific intent and action to induce infringement.”

Takeda Pharmaceuticals Co. Ltd. v. Sandoz, 2007 U.S. Dist. LEXIS 74860 (S.D. N.Y. Oct. 9, 2007). Alleged inducer’s motion to dismiss and motion for judgment on the pleadings dismissed because the patentees had given fair notice to the alleged inducer of their claims that that alleged inducer had undertaken and would undertake acts to induce infringement of their patents, and had the requisite intent to induce infringement.

Gammino v. Cellco Partnership, 2007 U.S. Dist. LEXIS 74201 (E.D. Penn. Oct. 4, 2007). Alleged inducer granted summary judgment because there was no evidence that that the alleged inducer knew of the end users’ infringing methods and no evidence that the alleged infringer specifically intended that the end users directly infringe.

Titan Tire Corp. v. Case New Holland, Inc., 2007 U.S. Dist. LEXIS 74173 (S.D. Iowa Oct. 3, 2007). Plaintiff’s motion for preliminary injunction denied. The court rejected plaintiff’s argument that the alleged inducer, as the sole member of the manufacturer of the allegedly infringing devices, “knew or should have known” that

selling the devices would amount to infringement. The court found that “[t]he existence of a corporate relationship without demonstration of any affirmative action . . . does not evidence a likelihood” that the alleged inducer induced any affirmative infringement by the manufacturer and that “[t]he ‘mere knowledge of possible infringement by others does not amount to inducement; specific intent and action to induce infringement must be proven.’”

Vnus Medical Technologies, Inc. v. Diomed Holdings, Inc., 2007 U.S. Dist. LEXIS 76499 (N.D. Cal. Oct. 2, 2007). Plaintiff’s motion for summary judgment denied because there was a triable issue of fact as to whether the defendants were liable for inducing acts of direct infringement. The court noted that “[h]ere, each defendant has offered evidence that it sought and obtained the opinion of counsel, who, in each instances, provided an opinion the accused products did not infringe and/or the patents were invalid; further, each defendant has offered evidence that in reliance on the opinion of its counsel, it continued to sell the accused products.

Unitronics (1989) (R”G) Ltd. v. Gharb, 2007 U.S. Dist. LEXIS 70413 (D. D.C. Sept. 25, 2007). Alleged inducer not liable for inducement of infringement because on the evidence, “[n]o reasonable juror could conclude that [the alleged inducer] has induced others to infringe the [patent], much less that [it] had the specific intent to do so.”

F & G Research, Inc. v. Google Inc., 2007 U.S. Dist. LEXIS 70072 (S.D. Fla. Sept. 20, 2007). Plaintiff’s motion for summary judgment denied where there was no allegation that the alleged inducer received notice or otherwise knew of the patent prior to the filing of the lawsuit, and where the only evidence of specific intent to induce was a manual providing instructions how to use the accused program in an allegedly infringing manner, but manual also provided instructions on how to use the accused program in a noninfringing manner.

Cohesive Technologies, Inc. v. Waters Corp., 2007 U.S. Dist. LEXIS 69464 (D. Mass. Aug. 31, 2007). Plaintiff’s motion for summary judgment on inducement of infringement granted because “[p]romoting sales material that instructs customers on how to infringe the patent is sufficient evidence of intent to induce infringement.” The court rejected the alleged inducer’s argument that “two parties must be contractually bound in order for one to be liable for actively inducing a patented method,” finding instead that inducement requires only a showing that the alleged inducer “induced infringing acts and that he knew or should have known his actions would induce actual infringements.”

Trimble Navigation Ltd. v. RHS, Inc., 2007 U.S. Dist. LEXIS 71665 (N.D. Cal. 2007). Defendants’ motion for summary judgment as to non-infringement granted. Because there was no evidence of direct infringement, defendants could not be liable for active inducement of infringement.

Boston Sci. Corp. v. Johnson & Johnson, 2007 U.S. Dist. LEXIS 65656 (N.D. Cal. Aug. 21, 2007). Court granted partial summary judgment to alleged inducer, finding that the patentee’s “argument would require a rule that if a defendant knows a third-party is possibly infringing, and does nothing to discourage such actions, intent can be inferred.” The court noted that the patentee “provides no authority for such a rule,

and such a rule would essentially render meaningless the emphasis placed by the Federal Circuit in *DSU* on the fact that inducement requires more than knowledge.”

Advanceme Inc. v. RapidPay, LLC, 509 F. Supp.2d 593 (E.D. Tex. Aug. 14, 2007). No liability found because patent was held invalid, but in discussing standards for inducement of infringement liability, the court stated that advertising an infringing use, instructing in how to engage in an infringing use, and sending emails encouraging use of the patented invention and providing support for the use of same could all show affirmative intent to induce infringement. In dicta, the court stated that the defendants had engaged in inducement of infringement of the invalidated patent because they had actual notice of the patent as of the filing of the lawsuit and yet had subsequently entered into agreements with third parties to perform the patented method.

Broadcom Corp. v. Qualcomm Inc., 2007 U.S. Dist. LEXIS 62764 (C.D. Cal. Aug. 10, 2007). Alleged inducer’s motion for judgment as a matter of law or for a new trial denied, where jury could have inferred a specific intent to induce infringement from the alleged inducer’s “customer support practices, including providing customers with technical manuals, software, and assistance in debugging technical issues,” from the alleged inducer’s “working with customers to develop video encoding technology as well as participating in its customers’ acceptance testing,” and from its “joint development and promotional activities” with the direct infringers.

Lucent Technologies Inc. v. Gateway, Inc., 509 F. Supp. 2d 912 (S.D. Cal. Aug. 6, 2007). Alleged inducer not liable for inducement of infringement on one patent where there was no evidence of direct infringement of the patent, and was not liable on a second patent where there was insufficient evidence to indicate that the alleged inducer knew or should have known that its aid or encouragement would cause direct infringement of the patent.

epicRealm Licensing, LP v. AutoFlex Leasing, Inc., 492 F. Supp. 2d 608 (E.D. Tex. June 26, 2007). Alleged inducer granted summary judgment because there was no direct infringement by a third party; thus, patentee failed to meet its burden of showing that the alleged infringer’s actions induced infringing acts and that the alleged inducer knew or should have known that its actions would induce actual infringements.

Fellowes, Inc. v. Michilin Prosperity Co., Ltd., 491 F. Supp. 2d 571 (E.D. Va. June 22, 2007). Plaintiffs granted judgment as a matter of law. The alleged inducers were made aware of the existence of the patents when the lawsuits were filed, and knew or should have know that their customers’ actions after that date would constitute direct infringement, yet they took affirmative steps to induce that infringement, by designing and manufacturing the infringing products, and by actively soliciting retailers to sell them, and by supplying them to retailers.

Semiconductor Energy Laboratory Co. Ltd. v. Chi Mei Optoelectronics Corp., 2007 U.S. Dist. LEXIS 44288 (N.D. Cal. June 19, 2007). Alleged inducer’s motion for summary judgment was denied because there were triable issues of fact with respect to intent. The court rejected the alleged inducer’s arguments that its obtaining of noninfringement options of counsel immediately after being notified of

the patents-in-suit indicated it lacked intent to induce, stating: “While opinions of counsel are certainly probative regarding intent, they are not dispositive.”

Rackable Systems, Inc. v. Super Micro Computer, Inc., 2007 U.S. Dist. LEXIS 33824 (N.D. Cal. Apr. 25, 2007). Alleged inducer’s motion for summary judgment denied because there was a material issue of fact as to whether the alleged inducer provided inducing materials and instructions to the direct infringers. The court cited *Golden Blount*, 438 F.3d at 1364, for the proposition that “the only intent required of defendant is the *intent to cause the acts that constitute infringement.*” (emphasis in original).

Kinetic Concepts, Inc. v. Bluesky Med. Corp., 2007 U.S. Dist. LEXIS 30207 (W.D. Tex. Apr. 4, 2007). In rejecting plaintiff’s motion for a new trial or judgment as a matter of law, the court found the plaintiff failed to establish the specific intended needed to support an inducement claim: “The evidence only shows that [the alleged inducer] encouraged people to use their own product, not to engage in infringing activity.”

Wing Shing Products (BVI), Ltd. v. Simatelex Manufactory Co., Ltd., 479 F. Supp.2d 388 (S.D. N.Y. Mar. 29, 2007). Motion for summary judgment by patentee granted where alleged inducer “presented no evidence that obtained a plausible noninfringement opinion from patent counsel that the shipment of its products into the United States would not constitute infringement.” The alleged inducer had asked its purchaser about potential infringement, and the purchaser issued assurances, but the court found that “[a] manufacturer, in the face of a lawsuit for patent infringement, cannot satisfy its burden to assure it is not producing infringing goods merely by asking its purchaser.”

Lucent Technologies Inc. v. Gateway, Inc., 2007 U.S. Dist. LEXIS 20495 (S.D. Cal. Mar. 21, 2007). Alleged inducer’s motion for summary judgment granted as to one device, as there was no evidence of direct infringement by a third party, but denied as to other devices where there was a genuine issue of material fact as to whether the alleged inducer possessed the requisite intent.

Ocean Innovations, Inc. v. Archer, 483 F. Supp. 2d 570 (N.D. Ohio Mar. 15, 2007). Plaintiffs’ motion for summary judgment on issue of induced infringement granted where evidence showed that alleged inducer had knowledge of the infringing acts (because plaintiff had sent two notice letters to alleged inducer and because alleged inducer’s advertisements demonstrated an intent to have consumers engage in activities that directly infringed); thus, plaintiffs sufficiently showed that the alleged inducer induced others to infringe after having received notice.

Lexar Media, Inc. v. Fuji Photo Film USA, Inc., 2007 U.S. Dist. LEXIS 19983 (N.D. Cal. Mar. 1, 2007). Plaintiff’s motion for summary judgment on inducement infringement denied because there was a triable issue as to whether there was direct infringement present.

Sorensen v. Black & Decker Corp., 2007 U.S. Dist. LEXIS 13336 (S.D. Cal. Feb. 27, 2007). Alleged inducer’s motion for summary judgment denied where there had been insufficient discovery to enable plaintiff to make a showing as to the specific intent of the alleged inducer.

Iridex Corp. v. Synergetics USA, Inc., 474 F. Supp. 2d 1105 (E.D. Mo., Jan. 31, 2007). Court held that where a parent corporation came into existence after a merger with an allegedly infringing manufacturer only a short time before the infringement action was filed, the parent could not have induced the manufacturer's prior infringement, and so the parent's motion for summary judgment was granted.