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Indirect Infringement

Presentation for APLI
by Clement S. Roberts
Durie Tangri LLP
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Overview

- A brief history of the knowledge requirement.
- Is a good-faith belief in invalidity a defense?
- Pleading indirect infringement in light of the knowledge requirement.

35 USC § 271 (partial)

(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.

(c) Whoever offers to sell or sells within the United States or imports into the United States a component of a patented machine, manufacture, combination or composition, or a material or apparatus for use in practicing a patented process, 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, shall be liable as a contributory infringer.

Aro II

“ [A] majority of the Court is of the view that 271(c) does require a showing that the alleged contributory infringer knew that the combination for which his component was especially designed was both patented and infringing.”

Aro Mfg. Co. v. Convertible Top Replacement Co., 377 U.S. 476, (1964)

Global-Tech

“In light of the ‘special force’ of the doctrine of *stare decisis* with regard to questions of statutory interpretation ... we proceed on the premise that § 271(c) requires knowledge of the existence of the patent that is infringed.

Based on this premise, it follows that the same knowledge is needed for induced infringement under § 271(b). As noted, the two provisions have a common origin in the pre-1952 understanding of contributory infringement, and the language of the two provisions creates the same difficult interpretive choice. It would thus be strange to hold that knowledge of the relevant patent is needed under § 271(c) but not under § 271(b).”

Global-Tech Appliances, Inc. v. SEB S.A., 131 S. Ct. 2060 (2011)

Commil

“It is axiomatic that one cannot infringe an invalid patent. Accordingly, one could be aware of a patent and induce another to perform the steps of the patent claim, but have a good-faith belief that the patent is not valid. Under those circumstances, it can hardly be said that the alleged inducer intended to induce infringement. Thus, *a good-faith belief of invalidity is evidence that may negate the specific intent to encourage another's infringement*, which is required for induced infringement.”

Commil USA, LLC v. Cisco Sys., Inc., 720 F.3d 1361 (Fed. Cir. 2013)

35 U.S.C. 282 (partial)

(a) IN GENERAL.--A patent shall be presumed valid. Each claim of a patent (whether in independent, dependent, or multiple dependent form) shall be presumed valid independently of the validity of other claims; ... The burden of establishing invalidity of a patent or any claim thereof shall rest on the party asserting such invalidity.

(b) DEFENSES.--The following shall be defenses in any action involving the validity or infringement of a patent and shall be pleaded:

- (1) *Noninfringement*, absence of liability for infringement, or unenforceability.
- (2) *Invalidity of the patent* or any claim in suit on any ground specified in [part II](#) of this title as a condition for patentability, patentability.
- (3) *Invalidity of the patent* or any claim in suit for failure to comply with--
 - (A) any requirement of section 112, except that the failure to disclose the best mode shall not be a basis on which any claim of a patent may be canceled or held invalid or otherwise unenforceable; or
 - (B) any requirement of section 251.
- (3) *Invalidity of the patent* or any claim in suit for failure to comply with any requirement of [sections 112](#) or [251](#) of this title,
- (4) Any other fact or act made a defense by this title.

Is Pre-Suit Knowledge Required?

"The Court finds that there is no requirement to allege pre-suit knowledge of the patent to state a claim for contributory infringement. While it is true that Achatas will ultimately have to establish that Symantec had the requisite knowledge of the asserted patents at the time of each act of contributory infringement, Symantec does not cite any controlling authority suggesting that the Complaint itself is not sufficient to provide knowledge of the asserted patents for alleged acts of contributory infringement occurring during the pendency of the case."

Achatas Reference Pub., Inc. v. Symantec Corp., No. 2:11-CV-294-JRG-RSP, 2013 WL 693955, at *2 (E.D. Tex. Jan. 10, 2013) report and recommendation adopted, No. 2:11-CV-294-JRG-RSP, 2013 WL 693885 (E.D. Tex. Feb. 26, 2013)

In re Seagate Tech

“It is certainly true that patent infringement is an ongoing offense that can continue after litigation has commenced. However, when a complaint is filed, a patentee must have a good faith basis for alleging willful infringement... So a willfulness claim asserted in the original complaint must necessarily be grounded exclusively in the accused infringer's pre-filing conduct.”

In re Seagate Tech., LLC, 497 F.3d 1360, 1374 (Fed. Cir. 2007)

Amending to add Indirect Infringement

“Walker Digital has asserted that both Amazon and Zappos knew of the patents-in-suit at least as early as the filing of the initial complaint (April 11, 2011) and, armed with this knowledge, have continued their allegedly infringing conduct. The court concludes that Walker Digital's allegations pass muster under Rule 8 and, therefore, satisfy the requirements of *Global-Tech*”

Walker Digital, LLC v. Facebook, Inc., 852 F. Supp. 2d 559, 565 (D. Del. 2012)

Relying On Pre-Suit Letters

“ [S]triking the references to settlement negotiations promotes the purpose of Rule 408. If patent holders could lure suspected infringers to settlement negotiations, only to turn around and use those negotiations to level additional indirect infringement claims at the purported infringer, parties will be less likely to negotiate a settlement or engage in licensing discussions in the first place. In other words, settlement negotiations should not subject parties to more liability for indirect infringement-their purpose is the precisely the opposite”

Trading Technologies Int'l, Inc. v. BCG Partners, Inc., No. 10 C 715, 2011 WL 3946581, at *2 (N.D. Ill. Sept. 2, 2011)

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Thank You!

Clement S. Roberts
Durie Tangri LLP