Birch Stewart Kolasch Birch LLP

Protecting the Product of your Mind®

Exporting a Single Component of a Patented Combination does not Give Rise to Infringement under Section 271(f)(1)

Life Techs. Corp. v. Promega Corp., 197 L. Ed. 33 (February 22, 2017)

Can one component be a “substantial portion” of the components of a patented invention?

Facts

- Promega owner of 4 patents-in-suit
- Promega exclusive licensee of another patent-in-suit, Re37,984 (Tautz patent)
- Tautz patent: 2003 re-issue of 1998 patent

Facts

- Tautz patent claims a toolkit for genetic testing - kit is used to synthesize multiple copies of a particular nucleotide sequence
- Generates DNA that can be used by law enforcement for forensic identification and by research institutions

Facts

Kit covered by claim 42 of Tautz patent:

1. Mixture of primers that mark the part for the DNA strand to be copied
2. Nucleotides for forming replicated strands of DNA
3. **Enzyme known as *Taq* polymerase**
4. A buffer solution for amplification
5. Control DNA

Facts

- Life Technologies (LifeTech) mfgs genetic testing kits
- Promega sublicensed the Tautz patent to LifeTech to make and sell the testing kits for use in certain law enforcement fields worldwide

Facts

- Life Technologies makes all but one component of the kits in the UK
- *Taq* polymerase manufactured in US and shipped to UK where combined with other components of kit
- *Taq* polymerase – Science magazine 1989 “molecule of the year”; widely used by early 1990s

Summary of Proc. History

- District court
  - SJ of infringement
  - Jury trial – willfulness and damages
  - JMOL
- CAFC – reversed JMOL, Tautz patent infringed; Promega patents invalid
- SCT – reversed CAFC on infringement

District Court Action

- In 2010, Promega sued LifeTech for infringing Promega and Tautz patents - LifeTech selling test kits outside the licensed field of use
- Alleged infringement under §§271(a) and **271(f)(1)**; did not assert §271(f)(2)

Relevant Statute

35 USC § 271(f)(1): Whoever without authority supplies or causes to be supplied in or from the United States **all or a substantial portion of the components of a patented invention**, where such components are uncombined in whole or in part, in such manner as to ***actively induce*** the combination of such components outside of the United States in a manner that would infringe the patent if such combination occurred within the United States, shall be liable as an infringer.

Relevant Statute

35 USC § 271(f)(2): Whoever without authority supplies or causes to be supplied in or from the United States **any component** of a patented invention that is **especially made or especially adapted for use** in the invention and **not a staple article or commodity of commerce suitable for substantial noninfringing use**, where such component is uncombined in whole or in part, knowing that such component is so made or adapted and intending that such component will be combined outside of the United States in a manner that would infringe the patent if such combination occurred within the United States, shall be liable as an infringer.

District Court Action

- Parties disputed scope of §271(f)(1)'s prohibition against supplying all or a substantial portion of the components of a patented invention from the US for combination abroad
- Parties filed cross-motions for summary judgment of infringement and invalidity of Promega patents

District Court Action (SJ)

- LifeTech sales outside scope of license were infringing
- LifeTech's sale of test kits beyond scope of license directly infringed claim 42 of Tautz patent and Promega patents
- Promega patents not invalid

District Court (jury trial)

- Jury trial on willfulness and damages
- Jury instructed to consider liability under both §271(a) and §271(f)(1)
- Didn’t distinguish between sales within the US and kits made outside US where substantial portion of components supplied from US

District Court Action (jury trial)

- Jury returned verdict of willful infringement
- Promega awarded $52MM for lost profits
- Messy: §271(a) v. §271(f)(1); permitted sales and sales outside scope of license; >$700MM worldwide sales

District Court Action (JMOL)

LifeTech filed motion for JMOL - §271(f)(1) did not apply b/c “all or a substantial portion” does not encompass supply of single component of a multicomponent invention

District Court Action (JMOL)

- Granted LifeTech's motion for JMOL
- no infringement under §271(f)(1) b/c Promega's evidence at trial "showed at most that *one* component of all of the accused products, the *Taq* polymerase, was supplied from the United States

District Court Action (JMOL)

- "A substantial portion of the components" does not embrace the supply of a single component
- No evidence that LifeTech induced the actions of a *third party*

Relevant Statute

35 USC § 271(f)(1): Whoever without authority supplies or causes to be supplied in or from the United States **all or a substantial portion of the components of a patented invention**, where such components are uncombined in whole or in part, in such manner as to ***actively induce*** the combination of such components outside of the United States in a manner that would infringe the patent if such combination occurred within the United States, shall be liable as an infringer.

Federal Circuit Decision

- CAFC (Prost, Mayer, Chin) reversed and reinstated jury verdict for infringement of Tautz patent
- Promega patents invalid for lack of enablement – reverse district court's denial of motion for SJ of invalidity
- Prost dissented re: active inducement of third party

Federal Circuit Holding

Infringement under 35 USC §271(f)(1)

- a party may be liable under §271(f)(1) for supplying or causing to be supplied a single component for combination outside the United States
- A third party is not required to “actively induce the combination”

Federal Circuit Reasoning

- Dictionary definition of “substantial” is “important” or “essential”
  - Single important component can be a “substantial portion of the components” of patented invention
  - Expert testimony at trial that *Taq* polymerase is a “main” and “major” component of the kits
- Single Taq polymerase component was a “substantial component”

Issues Presented to SCT

(1) Whether the supply of a single component of a multicomponent invention is an infringing act under 35 USC §271(f)(1)?

(2) Whether §271(f)(1)'s requirement of a **substantial portion** of the components of a patent invention refers to a quantitative or qualitative measurement?

Issues Presented to SCT

(3) Whether, as a matter of law, a single component can ever constitute a “substantial portion” so as to trigger liability under §271(f)(1)?

Supreme Court – threshold determination

Whether §271(f)(1)'s requirement of a substantial portion of the components of a patent invention refers to a quantitative or qualitative measurement?

LifeTech's Argument

- §271(f)(1) establishes a quantitative threshold
- Threshold must be greater than one

Promega's Argument

- A "substantial portion" of the components includes a single component if that component is sufficiently important to the invention
- Quantitative approach too narrow
- Promega argues for case-specific approach

Supreme Court's Reasoning - text

- Statute does not define "substantial"
- Turn to ordinary meaning
  - Ambiguous
  - In isolation could refer to qualitative importance or quantitatively large number

Relevant Statute

35 USC § 271(f)(1): Whoever without authority supplies or causes to be supplied in or from the United States **all or a substantial portion of the components of a patented invention**, where such components are uncombined in whole or in part, in such manner as to ***actively induce*** the combination of such components outside of the United States in a manner that would infringe the patent if such combination occurred within the United States, shall be liable as an infringer.

Supreme Court's Reasoning - context

- Context in statute points to quantitative meaning - neighboring terms
  - "all" and "portion" convey quantitative meaning
  - "All" – "entire quantity" w/o reference to relative importance
  - "Portion" – refers to some quantity less than all

Supreme Court's Reasoning - context

- "substantial portion" modified by "of the components of a patented invention"
- If qualitative: "all or a substantial portion of a patented invention" [excluding "of the components"]
- Interpret statute to give meaning to each statutory provision

Supreme Court's Reasoning - policy

- SCT declines to adopt Promega's case-specific approach
- "Having determined the phrase 'substantial portion' is ambiguous, our task is to resolve that ambiguity, not to compound it by tasking juries across the Nation with interpreting the meaning of the statute on an ad hoc basis."

Supreme Court's Holding

- Section 271(f)(1)'s phrase "substantial portion" refers to a quantitative measurement
- Promega's proffered "case-specific approach," which would require a factfinder to decipher whether the components at issue are a "substantial portion" under either a qualitative or a quantitative test, is rejected

Supreme Court – second issue

Whether, as a matter of law, a single component can ever constitute a “substantial portion” so as to trigger liability under §271(f)(1).

Supreme Court's Reasoning - text

- section 271(f)(1) consistently refers to "components" in the plural
- supply of all or a substantial portion "of the *components*," where "such *components*" are uncombined, in a manner that actively induces the combination of "such *components*" outside the United States

Relevant Statute

35 USC § 271(f)(1): Whoever without authority supplies or causes to be supplied in or from the United States **all or a substantial portion [of the components] of a patented invention**, where such components [supplied from the US or of the invention?] are uncombined in whole or in part, in such manner as to ***actively induce*** the combination of such components outside of the United States in a manner that would infringe the patent if such combination occurred within the United States, shall be liable as an infringer.

Supreme Court's Reasoning - text

- Text specifying a substantial portion of "components," plural, indicates that multiple components constitute the substantial portion

Supreme Court's Reasoning – structure of statute

- Structure of §271(f) supports quantitative approach
- §271(f)(2) – "any component of a patented invention that is especially made or especially adapted for use in the invention and not a staple article or commodity of commerce suitable for substantial noninfringing use . . ."

Supreme Court's Reasoning – structure of statute

- Reading §271(f)(1) allows provisions to work in tandem
- "all or a substantial portion of the components" v. "any component"
- Reading §271(f)(1) to cover *any* single component [straw man?] would leave little §271(f)(2)

Supreme Court's Reasoning – piling on

Taken alone, §271(f)(1)'s reference to "components" might plausibly be read to encompass "component" in the singular. *See* 1 U.S.C. §1 (instructing that "words importing the plural include the singular," "unless the context indicates otherwise")

Supreme Court's Reasoning – piling on

- §271(f)'s text, context, and structure leave us to conclude that when Congress said "components," plural, it meant plural, and when it said "component," singular, it meant singular
- BUT what about "substantial portion" of the components?

Supreme Court's Reasoning – legislative history

- §271(f) enacted in response to *Deepsouth Packing Co.* v. *Laitram Corp.*, 406 U.S. 518 , 92 S. Ct. 1700, 32 L. Ed. 2d 273 (1972)
- In *Deepsouth*, the Court determined that it was "not an infringement to make or use a patented product outside of the United States."

Supreme Court's Reasoning – legislative history

- §271(f) "expand[ed] the definition of infringement to include supplying from the United States a patented invention's components," as outlined in subsections (f)(1) and (f)(2)

Supreme Court's Reasoning – legislative history

The effect of §271(f) was to fill a gap in the enforceability of patent rights by reaching components that are manufactured in the United States but assembled overseas and that were beyond the reach of the statute in its prior formulation

Supreme Court's Holdings

- "substantial portion" in 35 U.S.C. §271(f)(1) has a quantitative, not a qualitative, meaning
- §271(f)(1) does not cover the supply of a single component of a multicomponent invention
  - Create a new gap in the law, i.e., one of two components made in the US to be combined outside the US?

Concurring Opinion (Alito, Thomas)

- Clear from text that §271(f) intended not only to fill the gap created by *Deepsouth* where all components of the invention were manufactured in the US, but to go at least a little further
- Today's opinion establishes that more than one component is necessary, but does not address *how much* more

Takeaway

The Supreme Court said to the Federal Circuit:

LET’S GO MOUNTAINEERS!