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No. 13-896

## In The Supreme Court of the United States

COMMIL USA, LLC,

- .

Petitioner,

v.

CISCO SYSTEMS, INC.,

Respondent.

On Writ Of Certiorari To The United States Court Of Appeals For The Federal Circuit

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BRIEF OF PROFESSOR SAURABH VISHNUBHAKAT AS AMICUS CURIAE IN SUPPORT OF RESPONDENT

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#### STATEMENT OF INTEREST OF AMICUS CURIAE<sup>1</sup>

Professor Saurabh Vishnubhakat is a faculty fellow at Duke Law School, where he has taught patent law, and a researcher in the Duke Center for Public Genomics, where he studies the administrative process of patent examination in biological and software informatics innovation. Professor Vishnubhakat's scholarship explores issues of patent law, tort law, and litigation economics. He began his legal career as an advisor at the United States Patent and Trademark Office (USPTO), where he counseled the agency's chief economist on intellectual property policy. Based on this background, Professor Vishnubhakat is committed to improving doctrinal clarity and efficiency in patent law.

Professor Vishnubhakat remains an advisor at the USPTO, but has taken no part in the USPTO's involvement with this case on behalf of the United States. He has prepared and now submits this brief in accordance with conflict-of-interest guidance from the Ethics Law and Programs Division of the United States Department of Commerce.

<sup>&</sup>lt;sup>1</sup> Pursuant to Sup. Ct. R. 37.6, no counsel or party authored this brief in whole or in part, and no counsel or party made a monetary contribution intended to fund the preparation or submission of this brief. No person other than *amicus curiae* made a monetary contribution to the preparation or submission of this brief. Both Petitioner and Respondent consented to the filing of this brief.

#### SUMMARY OF ARGUMENT

Patent infringement is a tort. This dispute and others like it persist because patent infringement doctrine rests on a confused view of basic tort principles. The confusion is about the role of intent in the torts of direct and indirect infringement. The source of the confusion is a failure to distinguish between knowledge or intent about actions and knowledge or intent about the legal implications of those actions.

That distinction is key to whether good-faith belief of a patent's invalidity may negate the intent necessary for induced infringement under 35 U.S.C. § 271(b). Following this Court's decisions in Global-Tech Appliances, Inc. v. SEB S.A., 131 S. Ct. 2060 (2011), and Limelight Networks, Inc. v. Akamai Technologies, Inc., 134 S. Ct. 2111 (2014), an alleged inducer must know about more than just actions in the world, i.e., that the induced actions took place. The inducer must also know about the legal implications of those induced actions, i.e., that the patent exists and that the induced actions directly infringe it under  $\S 271(a)$ . This case involves knowledge about yet another legal implication of induced actions: knowledge not only that the patent exists and is infringed but also that the patent is valid.

The issue for this Court, then, is whether \$ 271(a) makes it possible to directly infringe an invalid patent. The text of \$ 271(a) as well as the weight of case law counsel that one cannot directly infringe an invalid patent. Thus, an alleged inducer

such as Cisco, who believes that the patent is invalid, cannot form the necessary knowledge or belief that the actions it induced constitute infringement. Accordingly, an alleged inducer's good-faith belief of a patent's invalidity is properly a defense to induced infringement.

After Global-Tech, the law of induced infringement can no longer disregard good-faith belief of patent invalidity without also disregarding good-faith belief of noninfringement. Accepting the arguments of Petitioner and the Government in this case would repudiate *Global-Tech* after only four years, offending the principles of *stare decisis* and inequitably broadening the public's exposure to liability for induced infringement. For their part, Petitioner, the Government, and the dissent in the Court of Appeals argue that one can infringe an invalid patent, but liability will not follow. In addition to contradicting the weight of case law and the plain language text of \$271(a), their error reflects an even more fundamental doctrinal problem: the mistaken view that direct patent infringement is a strict-liability tort.

The strict-liability view of direct infringement improperly conflates the same tort distinction between knowledge or intent about actions and knowledge or intent about the legal implications of those actions. This error commanded only a dissent in the Court of Appeals in the present case, but it underlies both the Federal Circuit's broader jurisprudence on infringement and the position advanced by the Government. As a result, the mistaken strict-liability view will remain a fertile source of dispute and uncertainty in patent law unless this Court corrects it, starting with a refusal to extend the strict-liability error into the present case.

For these reasons, this Court should affirm the decision of the Court of Appeals and conclude that a good-faith belief of a patent's invalidity is, indeed, a defense to induced infringement under § 271(b).

#### ARGUMENT

- I. A good-faith belief that a patent is invalid is necessarily relevant to the requirements for induced infringement under § 271(b).
  - A. After *Global-Tech*, induced infringement requires the inducer to know that the induced actions constitute direct infringement of the patent.

This Court in *Global-Tech* has already answered part of the question presented in the present case. The issue in *Global-Tech* was whether induced infringement requires actual knowledge that the induced actions constitute direct infringement of the patent under § 271(a). The text of § 271(b) regards as an induced infringer "[w]hoever actively induces infringement of a patent." The terms "actively" and "induce" clearly require *some* level of intent to bring about direct infringement, this Court said; the question was *what* level of intent. 131 S. Ct. at 2065. The answer arose from the distinction between an intent simply to bring about an action and a greater intent to bring about an action whose legal effects are also known:

In referring to a party that "induces infringement," [§ 271(b)] may require merely that the inducer lead another to engage in conduct *that happens to amount to infringement*, i.e., the making, using, offering to sell, selling, or importing of a patented invention. See § 271(a). On the other hand, the reference to a party that "induces infringement" may also be read to mean that the inducer must persuade another to engage in conduct *that the inducer knows is infringement*. Both readings are possible.

*Id.* (emphasis added). Mere knowledge of the patent is not enough for induced infringement: the alleged inducer must also know that the acts it induces constitute direct infringement. *Id.* at 2068.

The Government's contrary reading of *Global-Tech* is misplaced. The Government argues that *Global-Tech* "does not clearly resolve" that § 271(b) requires an alleged inducer to know that the actions it induced constitute infringement. Gov't Br. in Supp. of Cert. 9. The purported ambiguity that the Government finds is that the *Global-Tech* opinion explains first that "knowledge of the existence of the patent that is infringed" is necessary. 131 S. Ct. at 2068. The opinion then holds that "knowledge that the induced acts constitute patent infringement" is

necessary. *Id.* In fact, the two statements are consistent, as liability under  $\S 271(b)$  requires both.

The Government's error is its interpretation that "Section 271(b) requires only knowledge of (or willful blindness to) the patent's existence." Gov't Br. in Supp. of Cert. 9 (emphasis added). This Court in Global-Tech did not hold that knowledge of the patent's existence is the only requirement for induced infringement. Thus, the Government's reading incorrectly treats that necessary condition as a sufficient condition as well. The portions of *Global-Tech* that the Government cites piecemeal as evidence of internal ambiguity are a single passage. The passage starts by analogy to the settled rule that induced infringement requires knowledge of the patent. Aro Mfg. Co. v. Convertible Top Replacement Co., 377 U.S. 476, 84 S. Ct. 1526 (1964) (Aro II). The passage continues with the holding that induced infringement also requires knowledge that the induced acts directly infringe. 131 S. Ct. at 2068.

What remains unanswered by this Court after *Global-Tech* is whether one can know or believe that a patent is infringed even if one believes that the patent is invalid.

#### B. One cannot wrongfully intend to induce infringement of a patent that one believes is invalid, for one cannot infringe an invalid patent.

As the Court of Appeals correctly held, one cannot infringe an invalid patent. Thus, one cannot know or believe that a patent is infringed if one believes that the patent is invalid. Put another way, because a good-faith belief of noninfringement is enough to defeat induced infringement, *see DSU Medical Corp.* v. JMS Co., Ltd., 471 F.3d 1293, 1307 (Fed. Cir. 2006) (*en banc*), a good-faith belief of invalidity must be enough as well. Petitioner, the Government, and the dissent in the Court of Appeals all argue that one can infringe an invalid patent, though liability may not follow. The weight of the case law and the text of § 271(a) reveal the error of their position.

#### 1. Though the Federal Circuit is split, at least six regional circuits have held that one cannot infringe an invalid patent.

Within the Federal Circuit alone, relevant precedent is split. The majority in the Court of Appeals pointed to two cases holding that one cannot infringe an invalid patent. *Commil USA, LLC v. Cisco Systems, Inc.*, 720 F.3d 1361, 1368 (Fed. Cir. 2013), *reh'g denied*, 737 F.3d 699 (Fed. Cir. Oct. 25, 2013) (citing *Prima Tek II, L.L.C. v. Polypap, S.A.R.L.*, 412 F.3d 1284, 1291 (Fed. Cir. 2005), and *Richdel, Inc. v. Sunspool Corp.*, 714 F.2d 1573, 1580 (Fed. Cir. 1983)). The dissent from the denial of the petition for rehearing *en banc* likewise pointed to two cases holding that an invalid patent may be infringed, though liability may not follow. 737 F.3d at 703 (citing *Spectra-Physics, Inc. v. Coherent, Inc.*, 827 F.2d 1524, 1535 (Fed. Cir. 1987), and *Medtronic, Inc. v. Cardiac Pacemakers, Inc.*, 721 F.2d 1563, 1583 (Fed. Cir. 1983)).

Outside the Federal Circuit, however, at least six regional circuits that have addressed the issue appear to be unanimous that one cannot infringe an invalid patent. Felburn v. New York Cent. R. Co., 350 F.2d 416, 426 (6th Cir. 1965) (holding that "[t]here can be no infringement of an invalid patent"). Cummings v. Moore, 202 F.2d 145, 147 (10th Cir. 1953) (holding that "an invalid patent cannot be infringed"). Miehle Printing Press & Mfg. Co. v. Publication Corp., 166 F.2d 615, 617 (7th Cir. 1948) (holding that "obviously, there can be no infringement of an invalid patent"). Int'l Carbonic Eng'g Co. v. Natural Carbonic Prod., 158 F.2d 285, 285 (9th Cir. 1946) (affirming and adopting the reasoning of the trial opinion, 57 F.Supp. 248, 254 (S.D. Cal. 1944), that "[i]t is fundamental that there can be no infringement of an invalid patent"). Cridlebaugh v. Rudolph, 131 F.2d 795, 797 (3rd Cir. 1942) (holding that patents that are invalid are, "therefore, incapable of supporting a charge of infringement with respect to any of their claims"). M. Swift & Sons v. W.H. Coe Mfg. Co., 102 F.2d 391, 396 (1st Cir. 1939) (holding that "an invalid patent can not be infringed").

#### 2. The plain language of § 271(a) also counsels that one cannot infringe an invalid patent.

Though none of these decisions argue from the text of § 271(a), the statute supports this consensus as well. To be liable for direct infringement, it is not enough that one "makes, uses, sells, offers to sell ... or imports" the patented invention. 35 U.S.C. § 271(a). One must do so "without authorization" and "during the term of the patent." *Id.* Each of these two additional requirements conditions the existence of direct infringement on the validity of the patent.

The proscription on practicing an invention "without authorization" is meaningful only if and while someone retains a valid right to withhold that authorization. The U.S. patent system contemplates eventual unfettered public use of the patented invention once the term of the patent concludes. *Eldred v.* Ashcroft, 123 S. Ct. 769, 791 (2003) (explaining that the patent represents a "quid pro quo that justifies the limited monopoly for the inventor as consideration for full and immediate access by the public when the limited time expires"). Where the patent turns out to have been invalid all along, any denial of authorization asserted on the basis of the patent must also be regarded as having had no legal force. Any practice of the invention during that time, then, cannot have been "without authorization" and so cannot be direct infringement under 271(a).

A patent may reach the end of its term in several ways. It may do so by the ordinary passage of time, when the maximum duration allowed by law, including adjustments, has elapsed. 35 U.S.C. §§ 154(a)(2), 154(b). It may do so early by the patent owner's failure to pay the maintenance fees necessary to keep the patent in force. 35 U.S.C. § 41(b). Or it may do so through judicial or administrative invalidation of the patent. In each case, once the patent right has lapsed – or it is determined that the patent right should never have been granted at all – no patent term of any legal force can have existed during which § 271(a) could operate. In sum, an invalid patent can meet neither of these criteria of § 271(a), making it impossible to infringe an invalid patent.

Even if the patent term issue were set aside, the Government itself, citing *Aro II*, argues that "unauthorized use, without more, constitutes infringement." Gov't Br. at 10. That the use must be unauthorized, however, still means that only a valid patent, one that confers a cognizable right to withhold authorization, can be infringed.

These arguments are not to suggest that direct infringement requires a knowledge or belief that the patent is valid. Rather, direct infringement requires the patent actually to be valid. It is induced infringement that requires knowledge or belief that the induced acts constitute direct infringement. Accordingly, induced infringement also logically requires knowledge or belief that the patent is valid. An alleged inducer such as Cisco, who has a good-faith belief that the patent is invalid, cannot form the necessary belief that the induced acts amount to a direct infringement. So far as an alleged inducer's scienter is concerned, there is nothing to infringe.

# C. Concerns about the presumption of validity and enforceability of patents are misplaced.

Petitioner's counterargument regarding the presumption of validity is unpersuasive. Its concern is that allowing an alleged inducer to rely on its good-faith belief in the patent's invalidity implicates 35 U.S.C. § 282(a) that a patent "shall be presumed valid." Pet. Br. 51-52. Petitioner concludes that, where the patent's invalidity has not been established, "an inducer should not be permitted to circumvent the statutory presumption of validity." *Id.* at 53.

What makes this argument unpersuasive is that the presumption of validity, by its own terms, pertains only to the fact of validity or invalidity. What the challenging party bears is a burden "of establishing invalidity," not of establishing beliefs regarding invalidity. § 282(a). Though it is not implicated by the § 282(a) presumption, however, a good-faith belief of patent invalidity is sufficient to defeat induced infringement under § 271(b).

Therefore, it may well be true that recognizing a defense of good-faith belief in invalidity "fundamentally changes the operating landscape" of induced infringement. Pet. App. 58a-60a. Such a change, however, would not be from any erosion of the statutory presumption of validity. The presumption is not so expansive in the first place, and the change would, if anything, further align the induced infringement standard with this Court's *Global-Tech* decision.

The Government's argument regarding the enforceability of patent rights is similarly unpersuasive. Its concern is that allowing an alleged inducer to rely on its good-faith belief in the patent's invalidity would create incentives not to design around existing patents, but to design legal theories of invalidity. Gov't Br. 29-30. The policy choice advanced by the Government is consistent with a view of direct infringement as a broadly sweeping "strict-liability tort" to which an alleged infringer's beliefs are irrelevant. *Id.* at 20.

What makes this argument unpersuasive is that, even if direct infringement were a strict-liability tort – which it is not – the issue would not be whether the alleged inducer's belief about invalidity decides the fact of direct infringement. Rather, the alleged inducer's belief about invalidity is logically necessary to its belief about whether the actions induced amounted to infringement – which is, indeed, necessary for induced infringement. *Supra* at 4-6.

The upshot is that disregarding an alleged inducer's good-faith belief of patent invalidity would impose a cost on the public, and after *Global-Tech*, such a cost is unwarranted. Those who induce actions that practice a patented invention cannot commit induced infringement if they have good-faith beliefs of noninfringement. If good-faith beliefs of patent invalidity were ignored, however, that freedom of action would artificially be limited to patents that are believed to be validly exclusionary. This would put the public in the nonsensical position of having to accommodate patents that they believe are invalid and therefore impossible to infringe – even as they remain free of induced infringement liability with respect to patents that they believe are valid and merely uninfringed.

Thus, recognizing a defense of good-faith belief in patent invalidity may well "substantially undermine" the use of induced infringement to constrain certain public conduct. Gov't Br. 28-33. The conduct in question, however, should not be thus constrained in the first place, and such a change would only further align the induced infringement standard with this Court's *Global-Tech* decision.

To accept Petitioner's argument about the statutory presumption of validity or the Government's argument about the normatively correct effectiveness of induced infringement, this Court would have to repudiate its *Global-Tech* decision after only four years. It is the reasoning of that decision which requires an alleged inducer to know not only that the patent exists but also that the induced conduct infringes it. From this, it follows that a good-faith belief that the patent is invalid makes it impossible to know or believe that the patent is infringed. Thus, disregarding a good-faith belief of invalidity would require disregarding a good-faith belief of noninfringement.

Such a rapid reversal would "more than offend the principles of stare decisis." *Twentieth Century Music Corp. v. Aiken*, 95 S. Ct. 2040, 2046-47 (1975). By eviscerating the scienter requirement of § 271(b) that circumscribes the public's exposure to induced infringement liability, such a reversal would also create broad new legal risks for the public. The result would be a regime of indirect patent infringement "that would be both wholly unenforceable and highly inequitable." *Id.* at 2047.

Moreover, though these arguments hold even if one accepts the Government's premise that direct infringement is a strict-liability tort, that premise is incorrect as well. The error is one that the Federal Circuit repeats often, and it will remain a fertile source of dispute and uncertainty in patent law unless this Court corrects it. As a first step toward that correction, this Court should decline to adopt or accommodate the strict-liability view in this case.

- II. The dispute in this case reflects a broader flaw in the conception of direct patent infringement as a strict-liability tort.
  - A. This Court's precedents, tort understandings of patent law, and the text of § 271(a) do not support a strict-liability conception of direct infringement.

Though it is well settled that patent infringement is a tort, infringement doctrine has departed from basic tort principles, especially the distinction between actions and the legal implications of those actions. This distinction is key to the strict-liability view, which rests on two propositions. First, direct infringement does not require an intent to commit infringement. Second, direct infringement does not require a knowledge of the patent. These propositions are well accepted, to be sure, dating back to the 1840s. See, e.g., Parker v. Hulme, 18 F. Cas. 1138, 1143, No. 10740 (C.C.E.D. Pa. 1849); Parker v. Haworth, 18 F. Cas. 1135, 1136, No. 10738 (C.C. Ill. 1848).

The problem with these propositions is that they prove too little. Even an intentional tort requires no intention to commit the tort nor any knowledge of the existence of the legal right. What makes intentional torts intentional is an intent to perform the actions that the law deems tortious. For direct infringement truly to be a strict-liability tort, it must be possible for unintended actions to infringe. None of the Federal Circuit's own direct infringement cases, however, so hold. The strict-liability view is merely *ipse dixit*. For tort purposes, to have intent is simply to act in order to accomplish a result or to believe that the result is substantially certain to follow. See RESTATE-MENT (SECOND) OF TORTS § 8A (1965); WILLIAM L. PROSSER, HANDBOOK OF THE LAW OF TORTS 40 (1941). Thus, tortious intent, which pertains to actions, is altogether distinct from higher forms of scienter, which pertain to the legal implications of those actions.

This Court expressly drew that distinction in *Global-Tech* for induced infringement. *Supra* at 5-6. The opinion in *Global-Tech* contrasted knowledge or intent as to certain induced actions with knowledge or intent as to the infringing nature of those actions. 131 S. Ct. at 2065. Indeed, whether § 271(b) requires both or only the former was the central dispute of the case. The outcome was that § 271(b) requires both. This distinction applies equally to direct infringement, which does not require knowledge or intent regarding the legal implications of one's actions – i.e., the existence of the patent right or the infringing nature of the actions. *Aro II*, 377 U.S. at 484 (cited in *Global-Tech*, 131 S. Ct. at 2065 n.2).

However, neither *Global-Tech* nor *Aro II* – nor any source cited in those opinions – holds that direct infringement does not require an intent to perform the *actions* that the law deems wrongful: making, using, selling, offering, or importing the invention. To the contrary, this Court in *Global-Tech* took its view of direct infringement from Professor Walker's treatise, which has repeatedly explained only that direct infringement requires neither knowledge of the patent nor appreciation that one's act is infringement – not that intent to perform the *actions* is unnecessary. 131 S. Ct. at 2065 n.2 (citing ANTHONY W. DELLER, 3 WALKER ON PATENTS § 453 (1937)). See also ALBERT H. WALKER, A TREATISE ON THE LAW OF PA-TENTS FOR INVENTIONS § 377 (1929); ALBERT H. WALK-ER, TEXT-BOOK OF THE LAW OF PATENTS FOR INVENTIONS § 377 (1917); ALBERT H. WALKER, TEXT-BOOK OF THE PATENT LAWS § 377 (1883).

These premises do not support a strict-liability view of direct patent infringement. If tortious intent (to make, use, sell, etc.) is necessary, then direct infringement is best understood as an intentional tort. See generally Saurabh Vishnubhakat, An Intentional Tort Theory of Patents, 68 FLA. L. REV. (forthcoming). If tortious intent were irrelevant – that is, if unintended actions could give rise to direct infringement – only then would strict liability be possible. That is not the law, however.

Historically, in fact, in the few cases that have inquired about intent to perform the underlying actions, the outcome was noninfringement because the actions were unintended. For example, in *Brothers v. U.S.*, 52 Ct. Cl. 462 (1917), the plaintiff asserted a patent on a cable bridge system in which towers connecting the cables would desirably yield or tilt. During construction of the Panama Canal, the U.S. government had built rigid towers that happened to yield and tilt under the stress of tightened cables, and William Brothers argued that this was infringement. The Court of Claims disagreed because the government's towers were rigid by design: *unintended* mechanical behavior in the towers that coincided with the patented invention, said the court, could not infringe.

Similarly, in Pratt v. U.S., 43 F.Supp. 461 (Ct. Cl. 1941), the plaintiff asserted a patent on a mechanism for hooking an airplane with a wire in flight and dragging it both horizontally and vertically to a rapid stop. The Navy used a different mechanism on its aircraft carriers, hooking an airplane after it landed on the deck and dragging it to stop only horizontally. However, because landed airplanes sometimes bounced a few inches while rolling to a stop, the patentee identified vertical motion as well. The Court of Claims again disagreed, holding that unintended operation that happened to coincide with the patented invention was not infringement. Because Lt. Hazen Pratt had previously tried to license his patent to the Navy, there was no question regarding knowledge of the patent or of possible infringement. The Navy simply had no intent to do the action that amounted to infringement. These findings of noninfringement based on an absence of tortious intent are inconsistent with a strict-liability view.

In addition to this Court's precedents and the historical tort view of direct patent infringement, the language of § 271(a) also disfavors the strict-liability view. *See* Vishnubhakat, *supra*, at 34-37. The Patent Act regards as a direct infringer:

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.

§ 271(a). The use of five transitive verbs – "makes," "uses," "offers," "sells," and "imports" – to specify the set of infringing actions is consistent with requiring purposive, intentional conduct on the part of an alleged infringer. *Cf. Flores-Figueroa v. U.S.*, 556 U.S. 646, 650-54 (2009) (taking as given that a transitive verb in statutory text calls for purposive action and, further, finding that an adverb of intentionality that modifies such a verb also modifies both the object of the verb and limitations on the object); *Cole v. United States Atty. Gen.*, 712 F.3d 517, 528 (11th Cir. 2013) (finding that transitive verbs in statutory text require intentional conduct); *U.S. v. Hill*, 55 F.3d 1197, 1202 (6th Cir. 1995) (same).

The level of purpose required by § 271(a) may be as minimal as seeking to achieve the natural result of the act itself or to believe that such a result is substantially certain to follow, e.g., the alleged infringer must seek the result of a making: the thing that is actually made (rather than, say, an unintended byproduct). Whether the alleged infringer was also mistaken or wholly ignorant of the act's legal consequences is neither necessary nor sufficient, but irrelevant. Indeed, this is the very definition of tortious intent. *Supra* RESTATEMENT (SECOND) OF TORTS § 8A; PROSSER at 40. Thus, this Court's precedents, historical tort understandings of patent law, and the text of § 271(a) determine only that intent to commit infringement and knowledge of the patent are unnecessary for direct infringement. They give no warrant to go further and disregard tortious intent as well. There is no sound basis, therefore, to view direct infringement as a strict-liability tort.

B. Misconstruing this Court's precedents, tort principles, and the language of § 271(a), the Federal Circuit and the Government regard direct infringement as a strict-liability tort.

Though this Court has never endorsed a strictliability view of direct patent infringement, that view underlies the Federal Circuit's jurisprudence as well as the Government's position and reflects a misunderstanding of tort law. In practice, the strict-liability view conflates knowledge or intent about actions with knowledge or intent about the legal implications of those actions. This Court recently reversed just such an error, founded on the strict-liability view, in *Limelight Networks, Inc. v. Akamai Technologies, Inc.*, 134 S. Ct. 2111 (2014).

The *Limelight* opinion began with the settled rule that induced infringement under \$271(b) requires underlying direct infringement under \$271(a). 134 S. Ct. at 2118. It then explained that, where the alleged direct infringement is divided among multiple

parties, there must be a principled reason to evaluate the parties' conduct collectively. *Id.* at 2118-19. Under current law, that principled reason is the "control or direction" rule of *Muniauction, Inc. v. Thomson Corp.*, 532 F.3d 1318 (Fed. Cir. 2008). Thus, unless the "control or direction" test is met, the disputed conduct is not, in fact, direct infringement. *Limelight*, 134 S. Ct. at 2119.

The central grievance in *Limelight* was that the rule of Muniauction is too narrow and allows "a would-be infringer to evade liability." Id. at 2120. The en banc Federal Circuit majority held this view because, although induced infringement does require knowledge about the underlying direct infringement, the direct infringement itself does not require any intent or knowledge about whether the patentee's rights exist or are violated. Akamai Technologies, Inc. v. Limelight Networks, Inc., 692 F.3d 1301, 1308 (2012) (en banc). From this alone, the en banc majority concluded that even though the conduct of the parties was not closely enough related under Muniauction, nevertheless "the patentee's rights [were] plainly being violated by the actors' joint conduct." Id. at 1306.

In short, the Federal Circuit's underlying error in *Limelight* was to focus on intent or knowledge about legal consequences of actions while ignoring intent or knowledge about the actions themselves. The source of this error was the expressly stated assumption that direct infringement is a strict-liability tort. *Id.* at 1307. The result of the error was "the quandary of

how there can be direct infringement but no direct infringers." *Id.* at 1328 (Newman, J., dissenting).

The Government's position in this case recites the mistaken strict-liability view as well. Its argument that an alleged infringer's knowledge or intent cannot be relevant to direct infringement follows directly from its reading of § 271(a) as a strictliability statute. Gov't Br. in Supp. of Cert. 11; Gov't Br. at 20. In support of this position, however, it cites only Global-Tech. 131 S. Ct. at 2065 n.2. However, as discussed supra at 16-20, the cited language of Global-Tech (which itself cites Aro II and DELLER'S WALK-ER ON PATENTS) supports only the settled view that direct infringement does not require an intent to commit infringement or any knowledge that the patent exists. It does not support the further view, necessary to strict liability, that direct patent infringement can exist even without any tortious intent to perform the actions specified in § 271(a).

C. The mistaken strict-liability view of direct patent infringement imposes significant costs on the public to avoid infringing existing patents, and also overstates the scope of the prior art, limiting the ability of inventors to protect their inventions through future patents.

A direct infringement rule that captured even unintended actions would harm both the public and, in the long run, patent-reliant innovators as well. Because a strict-liability view would allocate infringement risk entirely to the public, such a view would impose significant costs upon the public to avoid infringing. Vishnubhakat, *supra*, at 18-26.

These costs pertain generally to making, selling, and using inventions that are covered by patent rights. As to making, industrial chemistry offers the useful example of a process that generates a byproduct that turns out to be patented. The byproduct has been "made," to be sure, but if its production was unintended (or even unforeseeable by one of ordinary skill in the art), then penalizing it as direct infringement is dubious. *See* Vishnubhakat, *supra*, at 41.

As to selling and using, information technology offers the example of a mobile phone retailer that sells devices that contain a microchip that turns out to be patented. The retailer undoubtedly has an intent to sell something, but it almost surely does not have the intent specifically to sell the microchip, for what it deals in is the fully assembled device. Manufacturers and designers further up the stream of commerce may well have knowledge and intent as to the microchip, but the retailer is not so positioned. It does not know enough to form any tortious intent with respect to the microchip. What is more, it cannot cheaply discover enough to efficiently avoid infringing. *See* Vishnubhakat, *supra*, at 41-42.

Similarly situated is the end user who purchases such a device from the retailer. Like the retailer, what the user intends to use is the fully assembled device. Also like the retailer, the user is poorly positioned to know enough about the inner workings of the device to form any tortious intent as to the microchip – or to efficiently avoid infringing. *See* Vishnubhakat, *supra*, at 42-44.

In each case, treating direct patent infringement as a strict-liability tort would penalize unintended conduct and require the public to engage in inefficient avoidance of infringement risk. Such strict-liability penalties are at odds with the U.S. patent system's instrumental aims of balancing the reward to innovators with efficient notice and access for the public. Rather, such penalties are more in line with a purely distributive theory of tort law.

The harm is not limited to the general public, however. Inventors who rely on patents to recoup significant investments in research and knowledge creation would also suffer from a strict-liability view of direct infringement. The reason is that the same doctrine that favors a patent holder in claiming infringement of an existing patent also disfavors the inventor when the time comes for a new patent to issue.

When evaluating whether an invention is truly novel or is anticipated by the prior art under 35 U.S.C. § 102, the rule is the same as when evaluating whether a product or process infringes a patent. The usual articulation of this symmetry is, "That which infringes, if later, would anticipate, if earlier." *Peters* v. Active Mfg. Co., 21 F. 319, 321 (C.C.S.D. Ohio 1884), *aff'd*, 129 U.S. 530, 537 (1889). This symmetry is a key fulcrum in balancing public access with the ability of inventors to obtain patent protection for new and useful advances.

Thus, adopting a strict-liability rule for direct infringement would also implicate a strict-liability rule for anticipation. If actions or results that were unintended could constitute infringement, then actions or results not contemplated by the prior art could nevertheless be held to anticipate future inventions and improperly defeat the patentability of such inventions. See Vishnubhakat, supra, at 44-49. Such a rule would be a significant departure from historical understandings of the anticipation doctrine and would erect unfounded new barriers to securing patent rights. These barriers would fall especially to industries where innovation is already scientifically unpredictable and fraught with financial and regulatory uncertainty, such as pharmaceuticals and biotechnology – and where, as a result, patent incentives are most necessary and effective. E.g., Alfredo De La Rosa, A Hard Pill to Swallow: Does Schering v. Geneva Endanger Innovation within the Pharmaceutical Industry?, 8 COLUM. SCI. & TECH. L. REV. 37 (2007) (discussing the potential effects of a strict liabilitylike rule of anticipation in patent law).

In sum, the strict-liability view of direct infringement misconstrues this Court's precedents, ignores traditional tort principles that should apply with equal force to patent law, and produces inefficient and undesirable policy. By conflating the tort distinction between knowledge or intent about actions and knowledge or intent about the legal implications of those actions, the strict-liability view creates needless doctrinal confusion. Accordingly, that mistaken view should not be adopted or accommodated by this Court in determining the appropriate scienter requirement for induced infringement under § 271(b).

## CONCLUSION

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For the foregoing reasons, the judgment of the Court of Appeals should be affirmed.

Respectfully submitted,

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