RESOLVED, That the American Bar Association supports the principle that a patentee may recover compensatory damages under 35 U.S.C. § 284 for acts abroad that arise from domestic infringement of a patent pursuant to 35 U.S.C. § 271(f).
REPORT

I. Introduction

This Resolution concerns damages in patent infringement cases. Specifically, it concerns whether a patentee may recover compensatory damages under 35 U.S.C. § 284 for acts abroad that arise from domestic infringement of a patent pursuant to 35 U.S.C. § 271(f).

Congress enacted Section 271(f) in response to Deepsouth Packing v. Laitram, where the Supreme Court held that the then-existing statute prohibiting the making and selling of patented inventions did not prohibit export of an unassembled but otherwise infringing product for assembly and use abroad.¹ According to legislative history, Deepsouth was viewed as a “loophole” for avoiding patent infringement.²

Recently, the Supreme Court had another chance to address compensatory damages for acts abroad. In WesternGeco v. ION Geophysical, it was argued that compensatory damages under 35 U.S.C. § 284 for patent infringement under Section 271(f)(2) should not be available for acts abroad, based on a presumption against extraterritorial application of U.S. law.³ However, the Supreme Court concluded that the infringement under Section 271(f)(2), namely the supply of components of an infringing system from the U.S. for assembly and use abroad with a requisite intent, was a domestic act and thus that lost profits for acts abroad could be recovered.

If the Supreme Court had ruled otherwise, Section 271(f) would have lost much of its force and effect. It is difficult to contemplate how any meaningful damages would ever be available for infringements under Section 271(f) if acts abroad could not be included in the calculation. This would leave 271(f) toothless, and defy the express intent of Congress.

Accordingly, the ABA should adopt this Resolution, which is consistent with the holding of WesternGeco and could support an Association amicus curiae brief or legislative action to the extent future situations arise under Section 271(f).⁴ The policy may also be relevant to other situations relating to domestic patent infringement and compensatory damages for acts abroad.

⁴ The Supreme Court limited its analysis to Section 271(f)(2), and so a case could arise under Section 271(f)(1), or with different types of damages (e.g., reasonable royalties under Section 284). See WesternGeco, 138 S.Ct. at 2137 n. 1 and 2. That analysis applies equally to Section 271(f)(1).
III. Relevant Law

A. Pertinent Patent Statutes Relating to Infringement and Compensatory Damages


(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.

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(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.

(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.


Upon finding for the claimant the court shall award the claimant damages adequate to compensate for the infringement, but in no event less than a reasonable royalty for the use made of the invention by the infringer, together with interest and costs as fixed by the court.

When the damages are not found by a jury, the court shall assess them. In either event the court may increase the damages up to three times the amount found or assessed. Increased damages under this paragraph shall not apply to provisional rights under section 154(d).

B. Relevant Recent Precedent Prior to WesternGeco v. Ion Geophysical

Deepsouth v. Laitram Corp., 406 U.S. 518 (1972) was the impetus for 35 U.S.C. § 271(f). The Court affirmed the lower court’s determination that Deepsouth infringed Laitram’s patents in shrimp deveining machines, and that it was prohibited from making,
using or selling its deveining machines in the United States. However, the Court agreed with Deepsouth that it could not be barred from exporting components of the machine outside the United States, for assembly outside the United States, because there was no infringing act of “making” the patented invention in the United States. Deepsouth also could not be liable as a contributory infringer because combining the components outside the United States to make the patented machine was not an act of infringement, and thus there was no direct infringement. *Id.* at 527-28, 532.

In *Microsoft Corp. v. AT&T Corp.*, 550 U.S. 437 (2007), the Supreme Court addressed whether sending uninstalled software on a master disk from the United States aboard for subsequent copying and installation on foreign made computers was sufficient to establish liability under 35 U.S.C. § 271(f)(1). The Supreme Court answered “no” for two reasons. The Court first concluded that uninstalled software was akin to an abstract series of instructions or an idea embodied in intangible code, similar to a blueprint, and therefore did not qualify as a “component” within the meaning of Section 271(f)(1) that could be combined into an infringing assembly. The Court next reasoned the creation of subsequent copies aboard that could be installed on a computer, which copies could quality as “components,” where not components “supplie[d] … from the United States.” Hence, the mere supply of a master disk of software from the United States did not meet the statutory requirements for finding infringement under Section 271(f)(1). The Court cited the presumption against extraterritoriality to justify its conclusion. In particular, the Court noted the purpose of the presumption was to insure against the extraterritorial extension of U.S. patent law and to avoid interference with the patent policies of sovereign nations.

In *RJR Nabisco, Inc. v. European Cmty.*, 136 S.Ct. 2090 (2016), the Supreme Court analyzed the extraterritoriality of RICO in the context of racketeering activity implicating foreign terrorist organizations. Procedurally, the District Court dismissed the complaint as impermissibly extraterritorial. On appeal, the Second Circuit vacated and remanded, finding that RICO applies extraterritorially to the same extent as the predicate acts of racketeering that underlie the alleged RICO violation, and that certain predicates alleged in the case expressly apply extraterritorially. In denying rehearing, the Second Circuit further held that RICO permits recovery for a foreign injury caused by the violation of a predicate statute that applies extraterritorially. The Supreme Court granted certiorari, reversing and remanding the Second Circuit’s decision. The Court applied the same two-step framework that it did in *Morrison v. National Australia Bank Ltd.*, 561 U.S. 247 (2010) and *Kiobel v. Royal Dutch Petroleum Co.*, 569 U.S. 108 (2013). This two-step analysis requires:

1. determining whether the presumption against extraterritoriality has been rebutted; and,
2. if the statute is not extraterritorial, determining whether the case involves a domestic application of the statute, by analyzing the statute’s “focus.”

In applying this test, the Court found the presumption against extraterritoriality had been rebutted with respect to certain applications of the RICO statute. The Court then went on to find that § 1964 does not provide a clear indication that Congress intended to
provide a private right of action for injuries suffered outside of the United States. Although § 1964 provides a cause of action to “any person injured in his business or property” by violating § 1962, neither the word “any” nor the reference to injury to “business or property” indicates extraterritorial application. The Court found that § 1964(c) requires a civil RICO plaintiff to allege and prove a domestic injury to business or property and does not allow recovery for foreign injuries.

C. WesternGeco v. Ion Geophysical: Infringement Under Section 271(f)(2) May Lead to Lost Profits for Acts Abroad

1. Background of Technology

WesternGeco, the petitioner before the Supreme Court, owned four patents related to technologies for performing geological surveys of the ocean floor. The surveys are performed by towing miles-long cables, called “streamers,” behind ships. The ships direct acoustic waves toward the ocean floor that are reflected back to the streamers which include sensors that detect the reflected waves to generate a geological undersea map. The surveys are useful in gas and oil exploration for determining where to drill wells.

The patents in suit relate to directional control systems for the streamers and to methods for generating time-lapsed surveys showing changes in the ocean floor geology. WesternGeco does not sell the streamers or related components but uses the patented technology to perform the surveys itself. It then sells the completed surveys to oil and gas companies.

ION, the respondent, manufactures components that, when assembled, embodied the surveying technology covered by the patents in suit. ION does not perform surveys but exports the components to customers aboard who assembly the completed systems and use them to perform surveys in competition with WesternGeco.

2. District Court Proceedings

Because ION exports only the unassembled components of the patented technology, WesternGeco sued ION in the district court for infringement under 35 U.S.C. § 271(f). Part 1 of Section 271(f) in relevant part defined infringement to include the supply “from the United States all or a substantial portion of the components of a patented invention … in such a manner as to actively induce the combination of such components outside the United States in a manner that would infringe the patent…..” Part 2 similarly defines as infringement the supply of “any component of a patented invention that is especially made or especially adapted for use in the invention … 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.”

In discussing the history of the statute, the district court acknowledged Congress passed Section 271(f) to abrogate the Supreme Court’s decision in Deepsouth Packing Co. v. Laitram Corp., 406 U.S. 518 (1972), where the Supreme Court held that export of
an unassembled, patented product did not constitute infringement under the then existing patent statutes. The legislative history of Section 271(f) indicates Congress viewed the *Deepsouth* holding as creating a loophole by which infringers could unjustly avoid liability. Congress sought to close the loophole by passing Section 271(f), which defines as an act of infringement the supply of components from the U.S. for assembly aboard in a manner that would infringe the patent if so assembled in the U.S.

At trial, the jury found ION liable for infringement under Section 271(f) and awarded damages under 35 U.S.C. § 284, the general patent damages statute. The damages award included lost profits for ten surveying contracts WesternGeco alleged it lost to ION’s customers who performed the surveys using ION-supplied equipment. By implication, the jury therefore also concluded that, but for ION’s infringement, WesternGeco would have earned profits from those contracts. ION filed a motion for judgment as a matter of law on the damages award, which the district court denied and which ION appealed to the Federal Circuit.

### 3. Federal Circuit Proceedings

On appeal, the Federal Circuit affirmed that ION infringed WesternGeco’s patents under Section 271(f) but, by a 2-to-1 majority, reversed the award of lost profits. The majority held that awarding lost profits based on the survey contracts that WesternGeco would have performed at sea violated the presumption against extraterritorial application of U.S. patent law. The majority stated “our patent law operates only domestically and does not extend to foreign activities.” The majority acknowledged that jury found that ION infringed under Section 271(f) which includes an extraterritorial component via the clause that prohibits the supply of components “from the United States.” However, majority felt the doctrine of extraterritoriality precluded damage awards based on the use of those components outside the United States. “Section 271(f) does not eliminate the presumption against extraterritoriality. Instead, it creates a limited exception.” The majority held that its application of the presumption against extraterritoriality in *Power Integrations Inc. v. Fairchild Semiconductor Intl*, 711 F.3d 1348 (Fed. Cir. 2013) was controlling and established that losses in foreign or overseas markets were unrecoverable under the United States patent laws.

Judge Wallach dissented, believing the majority’s holding incorrectly interpreted the presumption against extraterritoriality as a categorical bar precluding any consideration of activities abroad. Judge Wallach further argued this was especially erroneous with respect to damage awards under 35 U.S.C. § 284. Damages under Section 284, Judge Wallach noted, are meant to “adequately compensate for the infringement.” He noted the statute itself does not include a territorial limit on how damages are measured. Then he analyzed a series of cases in which foreign activities were considered in formulating a damages award. Judge Wallach viewed the majority’s application of extraterritoriality in the case at bar as going against that line of precedents. Further, the majority’s holding, Judge Wallach concluded, would therefore undercompensate inventors when the infringement had both domestic and foreign consequences.
ION appealed an unrelated holding regarding willful infringement to the Supreme Court, which vacated the Federal Circuit’s opinion and remanded the case in view of *Halo Elec., Inc. v. Pulse Elec., Inc.*, 136 S.Ct. 1923, 579 U.S. ___ (2016). Judge Wallach renewed his dissent on extraterritoriality and lost profits in the opinion on remand, and ION petitioned the Federal Circuit for a hearing *en banc*, which the Federal Circuit denied. Two more judges joined Judge Wallach in his further dissent from that denial in which he additionally noted the majority’s holding was contrary to the longstanding predicate acts doctrine in copyright law that allows for recovery of damages occurring aboard if the damages arose from domestic copyright infringement. After the denial of rehearing *en banc*, ION filed a petition for writ of certiorari which the Supreme Court granted on the issue of whether the Federal Circuit erred in nullifying the damages award.

4. **Supreme Court Proceedings**

The Supreme Court ruled in favor of WesternGeco holding that a patent owner is entitled to recover foreign lost profits stemming from a domestic act of infringement. Writing for the majority, Justice Thomas started by acknowledging that, under the presumption against extraterritoriality, courts should presume U.S. statutes only apply domestically. Courts further apply the two-step framework outlined in *RJR Nabisco Inc. v. European Community*, 136 S.Ct. 2090, 579 U.S. ___ (2016) to determine (1) whether the statute is clearly intended to apply extraterritorially so as to rebut the presumption and (2) whether the particular application of the statute at issue is actually a domestic one. The majority resolved the case by proceeding directly to the second step.

The majority noted that the important factor to consider when determining whether a statute applies domestically or extraterritorially is the focus of the statute and what conduct it seeks to regulate. If the focus is on domestic conduct, then the statute involves a permissible domestic application of the statute.

Turning to the statutes at issue, the majority noted that although Section 284 provides for damages awards, the underlying conduct that justifies those awards is infringement of a U.S. Patent. Next, Section 271(f) defines infringement as the act of supplying from the U.S. the components of a patented invention with the intent they be combined outside the U.S. in a manner that would otherwise infringe the patent. Hence, the infringing act is the domestic act of supplying components from the U.S., and thus the focus of the statute involves domestic conduct. The majority therefore concluded the award of lost profits for domestic acts of infringement prohibited by Section 271(f) is a permissible domestic application of a damage award under Section 284.

The majority stated that the respondent’s arguments to the contrary were unpersuasive. The majority noted that just because Section 284 authorizes an award of damages does not suggest that damages are the focus of the patent statute. Instead, the focus is on the act of infringement, i.e., the injury, and not on the damages award, i.e. the permissible remedy. The majority discounted the fact that the measure of damages was based in part on overseas activities as merely incidental to the domestic act of infringement for which the damages were awarded.
The dissent started from a different section of the patent statute, Section 154, and noted the principle that U.S. patents only grant the right to exclude others from practicing the invention in the U.S. The dissent contended that, because the monopoly afforded by a patent is domestically constrained, damages should likewise be constrained. The dissent further argued that Section 271(f) only expanded the types of acts occurring domestically that would constitute infringement of a patent and did not alter the principle that use of an invention outside the U.S. does not constitute an act of infringement. Therefore, no damages could flow from the extraterritorial use of an invention. The dissent also noted comity concerns that, by extending U.S. patent law to award damages for foreign use of an invention, would encourage other countries to likewise extend the reach of their patent laws to cover conduct occurring in the U.S.

D. Other Cases Currently on Appeal

Multiple federal appeals are pending which relate to damages for acts abroad in the context of other parts of the patent infringement statute.

In Power Integrations, Inc. v. Fairchild Semiconductor Int'l, Inc., 711 F.3d 1348 (Fed. Cir. 2013), the defendant Fairchild initially developed the infringing product in the United States, which constituted direct infringement under 35 U.S.C. § 271(a). Because of the finding of direct infringement, Power Integrations argued it could recover lost profits for all sales including those that were consummated in foreign markets. The jury verdict awarded Power Integrations damages that included “worldwide” damages, which the plaintiff argued were legally justified because “it was foreseeable that Fairchild’s infringement in the United States would cause Power Integrations to lose sales in foreign markets. Thus, Power Integrations argues, the law supports an award of damages for the lost foreign sales which Power Integrations would have made but for Fairchild’s domestic infringement.” Power Integrations, 711 F.3d at 1370. The Federal Circuit affirmed the district court’s determination that the jury’s damages award could not stand because the jury “had clearly adopted the measure of damages posed by Power Integrations expert, Dr. Troxel” in reaching the combined damages award of over $33 million.” Id. at 1372. The Federal Circuit held that “the district court correctly decided that the jury’s original damages award was contrary to law.” Id.

The Federal Circuit remanded the case for a new damages trial. The Supreme Court’s WesternGeco opinion issued prior to that trial and Power Integrations requested the district court address the implication of that decision on the permissible scope of damages. The district court determined that WesternGeco implicitly overruled the Federal Circuit’s opinion in the Power Integrations appeal, and found the Court’s analysis allowing for worldwide damages for infringement under to Section 271(f) was equally applicable to infringement under Section 271(a). The district court recognized its holding that worldwide damages are available for infringement under Section 271(a) involved a novel question of law over which there existed substantial difference and certified the matter for interlocutory appeal to the Federal Circuit under 28 U.S.C. § 1292. The Federal Circuit has decided to hear that appeal and the parties are in the process of briefing the matter.
Also pending on a petition for writ of certiorari before the Supreme Court is *Texas Advanced Optoelectronic Solutions, Inc. v. Renesas Elecs. America, Inc.*, 888 F.3d 1322 (Fed. Cir. 2018). In that case, the district court precluded the patent owner from seeking damages for a large majority of the defendant’s sales on the basis that the manufacture and physical transfer of the infringing product occurred outside the United States. The patent owner argued that the negotiations regarding the sales of the infringing products and sales orders for the infringing products were sufficiently tied to the United States to constitute domestic infringement under the “offer to sell” prong of 35 U.S.C. § 271(a). The patent owner further argued that damages attributable to those foreign product transfers should be awardable under 35 U.S.C. § 284. The Federal Circuit agreed with the district court that the mere domestic nature of the unspecific negotiations regarding future transfers of the infringing products was insufficient to constitute domestic infringement, given that the manufacture and shipment of the infringing products occurred aboard. The patent owner has petitioned the Supreme Court to decide the question of whether an “offer to sell” occurs where the offer is actually made or where the offer contemplates that the proposed sale will take place.” The Supreme Court has invited the Solicitor General to file a brief on behalf to the United States on whether the petition for certiorari should be granted, which has yet to be filed.

IV. The Resolution is Consistent with the Supreme Court’s *WesternGeco* Holding and Reflects Good Patent Policy

The Resolution reflects the principle that a patentee may recover compensatory damages under 35 U.S.C. § 284 for acts abroad that arise from domestic infringement of a patent pursuant to 35 U.S.C. § 271(f). Congress passed Section 271(f) to reverse the Supreme Court’s decision in *Deepsouth* by defining a new domestic act of infringement, namely the supply of infringing components from the U.S. with the requisite intent to have those components combined abroad. Once domestic liability is established, Section 284 provides for damages “adequate to compensate for the infringement.” The Federal Circuit’s application of the presumption against extraterritoriality to preclude lost profits arising in part from the subsequent foreign activity threatened to undercompensate the patentee and thus it was proper for the Supreme Court to reverse the Federal Circuit.

Sections 271(f)(1) and (2) define an act of domestic infringement, namely supplying “from the United States any component,” “intending that such component will be combined outside of the United States.” Congress was concerned that accused infringers having an intent to infringe a U.S. patent could avoid liability through the *Deepsouth* loophole by exporting components overseas for assembly and use there. To close the *Deepsouth* loophole, Congress phrased the statute to apply to a domestic act but one that necessarily has extraterritorial implications. Section 271(f) still satisfies the presumption against extraterritoriality because the regulated conduct is domestic, i.e., supplying from the United States. Neither party argued nor did the Federal Circuit hold that Section 271(f) conflicts with the presumption.
The text of Section 284 does not explicitly indicate whether it extends to damages accruing aboard, but it does broadly aim to award damages “adequate to compensate the patentee for infringement.” 35 U.S.C. § 284. As the Supreme Court noted, the statute is configured to “ensure the infringer is placed in as good a position as he would have been in” absent the infringement.5 After a domestic liability for infringement is established, it stands to reason that Section 284 allows for consideration of foreign activities as evidence to assess the damages award. This is consistent with past Supreme Court precedents in Goulds and Dowagiac that indicate damages may be collected for overseas conduct so long as the conduct is sufficiently linked to a domestic act of infringement.6 This is also consistent with general tort principals allowing damages based on the foreign effects caused by domestic liability. Considering evidence of foreign origin does not violate the presumption against extraterritoriality because the mere consideration of such evidence does not seek to regulate foreign conduct. Instead, such consideration is intended to adequately compensate the patent holder for infringement.

The Federal Circuit erred in applying the presumption against extraterritoriality in the WesternGeco case because the presumption categorically limited damages arising from domestic infringement merely because of their connection to a foreign act. The Federal Circuit held the award of lost profits for services conducted overseas gives improper extraterritorial effect to U.S. patent laws. However, Section 271(f) sufficiently ties those foreign performed services to an initial act of domestic infringement, the supply from the U.S. of the components used to perform those services. Hence, the presumption is satisfied because the regulated conduct is domestic. Moreover, Section 284 does not preclude consideration of evidence to assess damages just because the evidence is of a foreign nature, since the prohibited conduct giving rise to those damages is still domestic.

Applying the presumption to preclude lost profits in the manner the Federal Circuit did frustrates congressional intent in two ways. First, it would reopen the Deepsouth loophole Congress sought to close through passage of Section 271(f). Second, and relatedly, it could result in under-compensating the patentee, which Congress expressly cautioned against in Section 284 by directing that damages should be “adequate to compensate for the infringement.” For example, an infringer could structure a transaction so payment from its customers always remains overseas and presumably outside of the territorial scope from where damages are recoverable. This result is antithetical to the congressional intent demonstrated in both Section 271(f) and Section 284.

The Respondent in the WesternGeco case, ION, argued for application of the presumption against extraterritoriality. The arguments are unconvincing. Among other things, ION contended that the presumption against extraterritoriality must apply separately to Section 284 and, when so applied, precludes the award of lost profits where those profits have a foreign nature. However, this contention fails to recognize that Section 284 is a broadly written statute that is concerned fundamentally with the amount of damages that a court or jury should award a patentee, rather than where those

damages accrued. This contention would also make 271(f) a cause of action without a significant remedy, defying the intent of Congress in the process.

Moreover, Respondent’s contention could exclude otherwise relevant evidence in a number of scenarios; for example, international demand for a highly successful product may no longer be admissible. In fact, Respondent’s contention would seemingly force courts and juries to undertake a hypercritical analysis whenever there is an international aspect to a damages assessment. Because of the large number of foreign parties involved in U.S. patent litigation, applying the presumption against extraterritoriality to categorically limit damages awards would complicate rather than simplify damages determinations.

Traditional doctrines of proximate causation and the like will appropriately address any policy considerations of comity and concerns about oversized damages awards and overcompensating the patentee. In some instances, subsequent or intervening foreign acts may be too remote or tenuously linked to the underlying domestic act of infringement to support a particular measure of damages. Similar causation issues arise in more traditional forms of tort damages, and there is no reason to believe that proximate causation would not provide an effective check on awards under Section 284. Thus, the presumption against extraterritoriality should not function as an absolute bar and evidence regarding foreign sales resulting from domestic infringement should be admissible and subjected to the traditional proximate causation and foreseeability analyses.

V. Conclusion

Congress enacted Section 271(f) in response to *Deepsouth Packing v. Laitram*, which was viewed as a “loophole” for avoiding patent infringement. In *WesternGeco v. ION Geophysical*, the Supreme Court concluded that Section 271(f)(2) infringement is a domestic act, and therefore that compensatory damages under Section 284 for related acts abroad was a permissible domestic application of Section 284. Had the Supreme Court ruled otherwise, Section 271(f) would have lost much of its force and effect. The Resolution is consistent with the holding of *WesternGeco* and could support an Association amicus curia brief or legislative action to the extent future situations arise under Section 271(f), or with other situations relating to patent infringement and compensatory damages for acts abroad. Because the Resolution reflects good patent policy and supports a robust system for patent enforcement, we respectfully request that the ABA adopt it.

Respectfully submitted,

Mark K. Dickson  
Chair, Intellectual Property Law Section  
August 2019
1. **Summary of Resolution**

The Resolution calls for the Association to adopt policy that supports the principle that a patentee may recover compensatory damages under 35 U.S.C. § 284 for acts abroad that arise from domestic infringement of a patent pursuant to 35 U.S.C. § 271(f).

2. **Approval by Submitting Entity**


3. **Has this or a similar resolution been submitted to the House of Delegates or Board of Governors previously?**

No.

4. **What existing association policies are relevant to this Resolution and how would they be affected by its adoption?**

None.

5. **If this is a late report, what urgency exists which requires action at this meeting of the House?**

N/A

6. **Status of Legislation**

None.

7. **Plans for implementation of the policy if adopted by the House of Delegates**

The policy will provide Association support for Association *amicus* brief(s) or legislation relating to Section 271(f) to the extent future situations arise. The policy may also be relevant to other situations relating to patent infringement and compensatory damages for acts abroad.
8. **Cost to the Association (both direct and indirect costs).**

Adoption of the recommendations will not result in additional direct or indirect costs to the Association.

9. **Disclosure of Interest**

There are no known conflicts of interest regarding this recommendation.

10. **Referrals**

The Resolution and Report have been distributed to each of the other Sections, Divisions, Forums, and Standing Committees of the Association in the version accepted and numbered for the agenda by the Rules and Calendar Committee.

11. **Contact Person (prior to meeting)**

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12. **Contact Persons (who will present the report to the House)**

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EXECUTIVE SUMMARY

1. Summary of the Resolution

The Resolution calls for the Association to adopt policy that supports the principle that a patentee may recover compensatory damages under 35 U.S.C. § 284 for acts abroad that arise from domestic infringement of a patent pursuant to 35 U.S.C. § 271(f).

2. Summary of the Issue that the Resolution Addresses

Congress passed Section 271(f) to abrogate the Supreme Court's decision in *Deepsouth* by creating a new type of domestic acts of infringement. Section 271(f) regulates domestic conduct, specifically the act of supplying unassembled components from the U.S. with the requisite intent, even though the statute contemplates and expressly mentions subsequent foreign activities. Once domestic liability is established, Section 284 provides for damages “adequate to compensate for the infringement.” The Federal Circuit’s application of the presumption against extraterritoriality to preclude lost profits arising from the subsequent foreign activity threatens to undercompensate the patentee and thus it was proper for the Supreme Court to reverse it.

3. Please Explain How the Proposed Policy Position Will Address the Issue

The policy will provide Association support for Association *amicus* brief(s) or legislation relating to Section 271(f) to the extent future situations arise. The policy may also be relevant to other situations relating to patent infringement and compensatory damages for acts abroad.

4. Summary of Minority Views or Opposition Internal and/or External to the ABA Which Have Been Identified

We are not aware of any ABA or non-ABA minority view or opposition.