

No. 10-6

In The
Supreme Court of the United States

GLOBAL-TECH APPLIANCES INC. and
PENTALPHA ENTERPRISES, LTD.,

Petitioners,

v.

SEB S.A.,

Respondent.

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

BRIEF FOR RESPONDENT

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QUESTION PRESENTED

Whether lack of knowledge of a specific patent—where one company has deliberately copied the commercial product of another company and has remained willfully blind to whether the copied product is protected by a patent—is an absolute bar to liability for inducing infringement under 35 U.S.C. § 271(b).

RULE 29.6 DISCLOSURE STATEMENT

Respondent, SEB S.A., a publicly held French corporation, has no parent company. No publicly owned company owns 10 percent or more of the stock of SEB S.A.

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STATEMENT

This case presents a straightforward application of the text of 35 U.S.C. § 271(b), which provides that one who “actively induces infringement of a patent shall be liable as an infringer.” Petitioner Pentalpha purchased SEB’s commercially successful deep fryer on the streets of Hong Kong, disassembled and reverse engineered it, deliberately copied SEB’s entire product, and then sold hundreds of thousands of the copied products to U.S. retailers and distributors for resale in the United States. Pentalpha’s sole argument on appeal is that, despite its highly culpable conduct, the fact that it deliberately avoided learning of the specific patent protecting SEB’s product should somehow immunize it from liability for inducing the widespread infringement of SEB’s patent. That claim finds no basis in the statute.

1. SEB S.A. designs, manufactures, and sells consumer appliances to national retailers throughout the United States through its affiliate, T-Fal Corporation. R.A. 46-47.¹ SEB manufactures its own products and does not license others to use its inventions. *Id.* at 51-52.

In the late 1980s, SEB recognized the need for a new type of deep fryer for home use. *Id.* at 47. At that time, deep fryers were made of metal, which was necessary to withstand the extremely high cooking

¹ The Joint Appendix will be cited as “J.A. ___”; the Supplemental Appendix as “S.A. ___”; and the appendix to this brief as “R.A. ___.”

temperatures. *Ibid.* The hot metal housings, however, could cause burns if touched. One solution was to form an outer covering from a plastic material that could withstand extreme temperatures, but those materials were prohibitively expensive for household use. Pet. App. 3a.

SEB's engineers and designers solved the problem by inventing a new design for a deep fryer. R.A. 60. SEB's new fryers contained a metal frying pan surrounded by an outer covering, or "skirt" made from ordinary, less expensive plastic that was not heat resistant. *Ibid.* The metal pan was suspended from a ring made of heat-resistant plastic which, in turn, was attached to the top of the plastic skirt. *Ibid.* The ring insulated the outer skirt from heat by eliminating contact, and creating an air space, between the metal pan and the outer skirt, which permitted the use of less expensive plastic for the outer skirt, and required the use of more expensive heat-resistant plastics only for the ring. *Ibid.* SEB's invention was referred to as a "cool-touch" feature because the user could touch the fryer while using it without being burned.

Because SEB markets and sells its products in the United States, it filed for, and obtained, a U.S. patent for the invention. U.S. Patent No. 4,995,312 (filed Aug. 28, 1990) ("the '312 patent"). SEB soon began producing and selling the cool-touch fryers, which were enormously successful. R.A. 49. The fryers were sold under SEB's T-Fal brand in stores such as Wal-Mart, K-mart, Target, Bed Bath & Beyond, and Linens 'n Things. *Id.* at 48. SEB's fryers

were safer than those previously available for sale in the U.S. market—and no other company offered any competing cool-touch fryer. *Id.* at 49-50, 53.

2. Global-Tech Appliances Inc. is a holding company based in China. J.A. 18a. Global-Tech and its subsidiaries—one of which is Pentalpha Enterprises, Ltd.—manufacture and sell household appliances. *Ibid.* Pentalpha does not sell its products to consumers under its own name, but rather to U.S. companies that sell under their own trademarks. See R.A. 54, 57-58.

In 1997, Pentalpha entered into an exclusive product supply agreement with Sunbeam that included deep fryers. J.A. 7a-12a. Instead of developing its own fryer, Pentalpha went out on the streets of Hong Kong and purchased several home deep fryers, one of which was SEB's patented cool-touch fryer. J.A. 26a-27a. Because the fryers purchased in Hong Kong had been made for sale in a foreign market and not in the United States, they contained no U.S. patent markings. *Id.* at 25a-28a.

Back at Pentalpha's laboratory, its engineers disassembled SEB's fryers to figure out how the cool-touch feature worked. Pentalpha then made a few superficial changes to SEB's design and began mass-producing copies of SEB's fryer. J.A. 119a.

As the jury heard at trial, Al Lior, the former head of Pentalpha Enterprises U.S., admitted the following:

Q When you say it is a T-Fal unit, what do you mean?

A They actually took a T-Fal unit and *changed the cosmetic design and just copied the features of the unit.*

J.A. 118a (emphasis added).

Knowing that its buyers would be more inclined to do business with Pentalpha if the company could show them a “right-to-use” opinion stating that the fryer did not infringe a patent, Pentalpha contacted an attorney at a small firm in Binghamton, New York to conduct a patent search. R.A. 58-59; S.A. 17-37. Pentalpha deliberately chose not to tell the attorney that its fryer was a copy of SEB’s fryer. J.A. 111a-112a. The attorney conducted a patent search, failed to locate SEB’s patent, and issued a right-to-use opinion. S.A. 17-37.

Because Pentalpha manufactured its fryers in China, it enjoyed low labor costs and tax rates. See R.A. 56. SEB, in contrast, manufactured its fryers in Western Europe and North America, where costs and taxes were higher. *Id.* at 49-50. And, of course, Pentalpha avoided all of the research and development costs that SEB had incurred to create the cool-touch feature. That aggregate cost differential enabled Pentalpha to significantly undercut SEB

in the market. See *id.* at 52-53. As a result, SEB lost customers as they began carrying Pentalpha's cheaper version of SEB's fryer. See *id.* at 50-51.

3. Three U.S. companies purchased the infringing fryers from Pentalpha and sold them in the United States: Sunbeam, Montgomery Ward, and Fingerhut. See *id.* at 54, 56-58. As the parties stipulated, Pentalpha sold approximately 312,736 fryers to Sunbeam, 46,418 to Montgomery Ward, and 47,604 to Fingerhut. *Id.* at 63.

Pentalpha's fryers were manufactured specifically for U.S. customers, fitted with U.S. electrical plugs, built for U.S. electrical current, and made with the U.S. trademarks of the companies prominently displayed on the products and on their packaging. S.A. 5-6, 11, 14. The instruction manuals accompanying the products were in English. S.A. 7-10, 12-13, 15-16. Orders were placed in the United States and invoiced in U.S. dollars. S.A. 79-85. Documents reflected that the fryers were purchased by U.S. companies and delivered to U.S. destinations. *Ibid.* And the sales were contracted in the United States by an exclusive supply contract with Sunbeam governed by Florida law (J.A. 9a-10a), and by a vendor contract with Fingerhut in Minnesota through a U.S.-based sales representative. *Id.* at 165a-166a; S.A. 1-4. As all the evidence demonstrated, the fryers were intended to be used in the United States. R.A. 54.

4. To protect its intellectual property rights, SEB sued Sunbeam for selling the infringing fryers. *Id.* at 53-54. On or about April 9, 1998, Sunbeam notified Pentalpha of the suit and requested indemnification. J.A. 153a. Nonetheless, Pentalpha continued selling the fryers to U.S. customers.

After the lawsuit against Sunbeam settled (R.A. 54), SEB filed the instant suit against Pentalpha in the Southern District of New York. In addition, SEB requested a preliminary injunction barring the sale of Pentalpha's fryers. See Pet. App. 6a. The district court granted the preliminary injunction. *SEB S.A. v. Montgomery Ward & Co.*, 77 F. Supp. 2d 399 (S.D.N.Y. 1999), *aff'd*, 243 F.3d 566 (Fed. Cir. 2000).

In response to the injunction, Pentalpha made minor modifications to its fryers and then continued selling them in the United States. Pet. App. 7a. SEB was therefore forced to seek supplemental injunctive relief, which the district court granted after finding that the fryers continued to infringe SEB's patent under the doctrine of equivalents. *SEB S.A. v. Montgomery Ward & Co.*, 137 F. Supp. 2d 285 (S.D.N.Y. 2001). The court expressly found that "[t]his modified fryer is *virtually identical* to the enjoined fryer." *Id.* at 287 (emphasis added). The court further found that Pentalpha's actions "reflect[ed] a disregard for their affirmative duty to comply with the Court's Injunction." *Id.* at 290.

SEB's suit alleged two theories of recovery: (1) that Pentalpha directly infringed its patent under § 271(a) by offering to sell or selling the infringing fryers in the United States; and (2) that under § 271(b) Pentalpha took steps to "actively induce" Fingerhut, Montgomery Ward, and Sunbeam to infringe SEB's patent.

5. The case was tried to a jury over five days. Pentalpha did not contest the validity of SEB's patent, nor did Pentalpha offer any expert testimony to dispute that its fryers infringed SEB's patent either literally or under the doctrine of equivalents. Instead, Pentalpha relied on the testimony of its President, John Sham, and argued that it was not subject to U.S. patent laws because it sold its products "Free On Board" ("FOB") in China, and did not conduct any activities within the United States. R.A. 45, 58-59.

At trial, the jury heard Mr. Lior testify that he knew SEB was selling a deep fryer as early as 1996 (J.A. 122a), and they heard his candid admission that Pentalpha had taken an SEB fryer and "changed the cosmetic design and just copied the features of the unit." J.A. 118a.² Indeed, Pentalpha's own President,

² Despite that explicit testimony, Pentalpha argues to this Court that it did not in fact copy SEB's invention. Pet'r Br. 3-4. That argument is baseless. "The jury heard evidence that Pentalpha purchased an SEB deep fryer in Hong Kong and copied all but the cosmetics" (Pet. App. 31a), and this Court must construe the evidence in favor of the jury's verdict against Pentalpha. See *Muehler v. Mena*, 544 U.S. 93, 98 n.1 (2005).

Mr. Sham, admitted that Pentalpha had “bought a[n] SEB product.” J.A. 14a. When asked, “[a]nd did you take it apart?” Mr. Sham replied “[y]es.” *Ibid.*

The jury also heard testimony that Pentalpha was well versed in U.S. patent law. Mr. Sham testified that in terms of obtaining U.S. patents, “[c]ompared to my competitors in Hong Kong, China, we are leading in that field.” R.A. 56. Mr. Sham himself was listed as the inventor on 29 different U.S. patents, of which 11 had been issued by January 1997. J.A. 78a-86a; S.A. 59-69, 70-78.

6. The jury found for SEB on all counts. Specifically, the jury found that:

- The first version of Pentalpha’s fryer literally infringed SEB’s patent;
- The second version of Pentalpha’s fryer infringed SEB’s patent under the doctrine of equivalents;
- Pentalpha induced another to infringe SEB’s patent with its first version of the fryer;
- Pentalpha induced another to infringe SEB’s patent with its second version of the fryer;
- Pentalpha willfully infringed SEB’s patent with its first version of the fryer;
- Pentalpha willfully infringed SEB’s patent with its second version of the fryer; and that

- Based on a reasonable royalty rate, the total amount of damages Pentalpha should pay SEB was \$4,650,000.

R.A. 42-44.

7. Pentalpha then filed a number of post-trial motions. See Pet. App. 44a-48a, 50a-52a, 53a-64a. As relevant here, Pentalpha argued “there was insufficient evidence that Defendants were aware of the SEB patent, and therefore they could not have induced infringement.” *Id.* at 48a. The district court rejected that argument (*id.* at 49a), but did reduce the verdict by \$2 million to account for the earlier settlement payment from Sunbeam to SEB. *Id.* at 52a-53a.

8. SEB moved for enhanced damages under § 284 and attorney’s fees under § 285 based on the jury’s finding that Pentalpha’s infringement was willful. The district court’s instructions on willfulness were as follows:

Willfulness *must* be proven by clear and convincing evidence showing that, one, *Defendants had actual knowledge of the Plaintiff’s patent*, and, two, Defendants had no reasonable basis for believing, A, that the deep fryers did not infringe Plaintiff’s patent, or, B, that the Plaintiff’s patent was invalid.

In making the determination as to willfulness, you must consider the totality of the circumstances.

The totality of the circumstances comprises a number of factors, which include, but are not limited to, whether Defendants intentionally copied the product covered by Plaintiff's patent, whether the Defendant exercised due care to avoid infringing the patent, whether the Defendant relied on competent legal advice, and the Defendants' behavior as a party to the litigation.

R.A. 30-31 (emphasis added).

And, because the jury answered "yes" on both willfulness questions (J.A. 151a), the jury necessarily found, as a factual matter, that "[d]efendants had actual knowledge of the Plaintiff's patent." J.A. 144a (emphasis added).

The court awarded damages twice the jury award as well as attorney's fees. Pet. App. 67a-68a. It also granted SEB's request for a permanent injunction. *Id.* at 69a. On motion for reconsideration, the court vacated the enhanced damages and attorney's fee award in light of an intervening decision of the Federal Circuit that changed the legal standard for willfulness. See *SEB S.A. v. Montgomery Ward & Co.*, No. 99 Civ. 9284(SCR), 2008 WL 450416, at *1 (S.D.N.Y. Oct. 1, 2008). That legal conclusion did nothing to undermine the jury's factual finding that Pentalpha had actual knowledge of SEB's patent.

9. On cross appeals, the U.S. Court of Appeals for the Federal Circuit affirmed. It rejected Pentalpha's arguments on claim construction (Pet. App. 10a-16a), prosecution history estoppel (*id.* at 16a-19a),

SEB's expert's qualifications (*id.* at 20a-21a), and SEB's marking of its products (*id.* at 33a-36a). It also rejected SEB's arguments on enhanced damages and attorney's fees. *Id.* at 38a-40a. And it upheld both the inducing infringement and direct infringement liability findings against Pentalpha. *Id.* at 22a-24a.

The court began its analysis of the inducing infringement issue before this Court by noting that in *DSU Medical Corp. v. JMS Co.*, 471 F.3d 1293, 1304 (Fed. Cir. 2006), it had held that knowledge of the patent was required for liability under § 271(b). Pet. App. 27a-28a. *DSU* did not specify, however, whether that knowledge could be constructive. *Ibid.* Borrowing language from this Court's decision in *Farmer v. Brennan*, 511 U.S. 825 (1994), the court of appeals held that the evidence at trial was sufficient to establish that Pentalpha, at a minimum, had constructive knowledge of SEB's patent because it was "deliberately indifferent" to the existence of that patent. *Id.* at 29a-33a.

Although the court used the language of "deliberate indifference," it framed its inquiry as whether Pentalpha had "'constructive knowledge of the patent.'" *Id.* at 27a-28a (quoting *Insituform Techs., Inc. v. Cat Contracting, Inc.*, 161 F.3d 688, 695 (Fed. Cir. 1998)) (emphasis in the original). And it focused on preventing an "accused wrongdoer [from] *actively disregard[ing] a known risk* that an element of the offense exists." *Id.* at 29a (emphasis added). In so doing, the court of appeals expressly relied upon the

standards of willful blindness to conclude that Pentalpha had actual knowledge of the patent:

[T]he standard of deliberate indifference of a known risk is not different from actual knowledge, but is *a form of actual knowledge*. See, e.g., *United States v. Carani*, 492 F.3d 867, 873 (7th Cir. 2007) (“*Deliberate avoidance* is not a standard less than knowledge; it is simply another way that knowledge may be proved.”); *Woodman v. WWOR-TV, Inc.*, 411 F.3d 69, 84 n.14 (2d Cir. 2005) (“We note that a party’s knowledge of a disputed fact may also be proved through evidence that he *consciously avoided knowledge* of what would otherwise have been obvious [to] him.”).

Pet. App. 30a (emphases added).

Reviewing the record, the court of appeals concluded that it contained “adequate evidence to support a conclusion that Pentalpha deliberately disregarded a known risk that SEB had a protective patent.” *Id.* at 31a. The court focused specifically on the facts that Pentalpha was well-versed in U.S. patent law, but when it hired a patent attorney to perform a right-to-use search, it deliberately chose not to inform that attorney that its product was a copy of another product already on the market. *Id.* at 32a.

After Pentalpha’s motion for rehearing en banc was denied, Pentalpha sought certiorari.



SUMMARY OF ARGUMENT

The central issue in this appeal is whether the Court should engraft onto the language of 35 U.S.C. § 271(b) a *per se* requirement that no defendant may ever be held liable for inducing patent infringement unless the patent owner first proves by direct evidence that the defendant had actual knowledge of the specific patent at issue. Nothing in the text, structure, or legislative history of § 271(b) supports such a blanket rule, nor does this Court’s precedent or common sense, and so the Court should decline Pentalpha’s invitation to create such an ill-advised rule.

The text of the statute does not support Pentalpha’s rule. As with § 271(a), which creates strict liability for direct infringement, the text of § 271(b) contains no scienter requirement whatsoever. In contrast, § 271(c), governing contributory infringement, expressly requires a “knowing” violation.

Nor does the structure of the statute support Pentalpha’s rule, for two reasons. First, ordinary rules of statutory interpretation would counsel that, if the Court is going to read any intent standard into § 271(b), it should necessarily be less than the “knowing” standard required in § 271(c)—otherwise, the Court would fail to give effect to Congress’s omission of that term in § 271(b).

Second, §§ 284 and 285 provide for enhanced damages and attorney’s fees, and precedent has long provided that both are available only for “willful”

infringement. Therefore, at a minimum, any standard of intent for § 271(b) should be less than willful—otherwise, every single violation of § 271(b)’s prohibition on inducing infringement would automatically qualify for enhanced damages and attorney’s fees, an outcome that makes no sense in the statutory structure.

The legislative history likewise provides no support for Pentalpha’s *per se* rule. Indeed, Congress was expressly urged to adopt Pentalpha’s proffered standard—to replace “actively induces” with “willfully induces”—and Congress declined to do so. The Court should not now impose a standard that Congress chose not to adopt.

Left with no support in the text, structure, or legislative history of the statute, Pentalpha principally relies on this Court’s decision in *Metro-Goldwyn-Mayer Studios Inc. v. Grokster, Ltd.*, 545 U.S. 913 (2005). Pentalpha, however, seriously misreads *Grokster*.

Grokster, of course, was a copyright case, not a patent case. Assuming *arguendo* that *Grokster* applies, Pentalpha’s conduct easily satisfies the *Grokster* standard.

As an initial matter, nothing in *Grokster* requires actual knowledge of the specific patent infringed. Indeed, in *Grokster*, *none of the defendants had actual knowledge of the specific copyrights infringed*, and the Court nonetheless found them all liable for inducing infringement.

The Court's holding in *Grokster* contained two key elements: the substantive standard for inducement: "one who distributes a device *with the object of promoting* its use to infringe"; and, critically, the method of determining if that standard is satisfied: "*as shown by* [1] clear expression or [2] other affirmative steps taken to foster infringement." *Id.* at 936-37 (emphasis added).

In the case at bar, Pentalpha has taken numerous "other affirmative steps * * * to foster infringement." To wit,

- Pentalpha purchased SEB's product abroad (where it would have no U.S. patent markings) (J.A. 26a-27a);
- It disassembled and reverse engineered SEB's deep fryer (J.A. 119a-121a);
- Pentalpha "actually took [SEB's fryer] and changed the cosmetic design and just copied the features of the unit" (J.A. 118a);
- Then, it deliberately failed to tell its lawyer that it had copied SEB's product or to ask him to search SEB's patents (J.A. 111a-112a);
- At substantial profit, Pentalpha marketed, packaged, and sold hundreds of thousands of the copied units to U.S. retailers and distributors who in turn resold them in the United States (R.A. 63);
- When explicitly notified of SEB's patent, it continued selling the copied units unabated, *SEB S.A. v. Montgomery Ward & Co.*, 77 F. Supp. 2d at 399; and

- When enjoined by a federal district court from selling the copied units, Pentalpha quickly modified the design and began selling the “virtually identical” units—requiring yet another federal court injunction. *SEB S.A. v. Montgomery Ward & Co.*, 137 F. Supp. 2d at 285.

By any measure, Pentalpha’s conduct was far more culpable than the conduct of the defendants in *Grokster*. And its extended pattern of deliberate conduct more than satisfies the test the Court established in that case.

Alternatively, even assuming that actual knowledge of the specific patent is required—a far stricter standard than the Court applied in *Grokster*—here, the undisputed facts demonstrate that Pentalpha’s conduct constituted willful blindness, which, as a matter of law, provides constructive knowledge of the patent.

Critically, if the Court were to conclude that Pentalpha’s conduct did not give rise to liability for inducing infringement, that decision would serve as a roadmap for unscrupulous foreign manufacturers to violate U.S intellectual property rights with impunity. Such an outcome would be directly contrary to the congressional intent in enacting § 271.

Nor would applying the plain language of § 271(b) ensnare innocent corporate behavior. Any of three narrow rules would avoid that outcome and easily resolve this case:

First, the Court could hold that the *Grokster* standard governs, and Pentalpha’s highly culpable

conduct constituted “other affirmative steps taken to foster infringement.” *Id.* at 937.

Second, even more narrowly, the Court could hold that a defendant cannot be willfully blind to another’s intellectual property and remain immune from inducement liability.

And *third*, at the most narrow, the Court could hold that—in the limited circumstances where a defendant reverse engineers and copies a commercial product—the copier is obliged to at least make some effort to ascertain whether the copied product is protected by U.S. patents before selling the copies on the U.S. market.

All of those rules are faithful to the text and structure of the statute, target culpable behavior, and avoid ensnaring innocent actors.

Moreover, in this particular case, regardless of the Court’s conclusions on the legal standards for inducement, given the explicit factual findings of the jury—both awarding the full damages for direct infringement and also expressly finding that Pentalpha in fact had actual knowledge of the patent—the Court should affirm the judgment of the court below.



ARGUMENT

Pentalpha’s principal argument on appeal is that this Court should establish a *per se* rule that no defendant can ever be found liable for inducing

infringement under 35 U.S.C. § 271(b) unless it is first proven that the defendant had actual knowledge of the specific patent that was infringed. That proffered rule has no basis in the text or structure of the statute, is contrary to this Court's precedents, and makes little sense.

I. NOTHING IN THE TEXT OR STRUCTURE OF THE STATUTE REQUIRES DIRECT EVIDENCE OF ACTUAL KNOWLEDGE OF THE PATENT.

The starting point in any statutory construction case is of course the text. *Watt v. Alaska*, 451 U.S. 259, 265 (1981). The first three subsections of § 271 create three different types of patent infringement liability. Section 271(a) begins by defining direct infringement:

[W]hoever without authority makes, uses, offers to sell, or sells any patented invention, within the United States, or imports into the United States any patented invention during the term of the patent therefor, infringes the patent.

By its terms, § 271(a) contains no scienter requirement, and it has long been held to create a strict liability standard for direct infringement. *Aro Mfg. Co. v. Convertible Top Replacement Co.*, 377 U.S. 476, 484 (1964) (“*Aro II*”) (“[I]t has often and clearly been held that unauthorized use, without more, constitutes infringement.”).

The text of § 271(b), at issue here, is relatively short and to the point:

Whoever actively induces infringement of a patent shall be liable as an infringer.

Like § 271(a), this subsection contains no express scienter requirement.

And finally, § 271(c) provides (emphasis added):

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.

Of the three subsections, § 271(c) is the only one that contains an express scienter requirement, namely that the violation must be “knowing.”³

Turning more closely to the precise text of § 271(b), the operative verb and adverb is “actively

³ In *Aro II*, the Court relied upon that express statutory term in holding that § 271(c) requires a showing that the “contributory infringer *knew* that the combination for which his component was especially designed was both patented and infringing.” 377 U.S. at 488 (emphasis added).

induces,” each part of which conveys precise meaning. “Induce,” as Pentalpha correctly explains, means “[t]o lead on,” “influence,” “prevail on,” or “to move by persuasion or influence.” Pet’r Br. 32 (citing WEBSTER’S NEW INTERNATIONAL DICTIONARY OF THE ENGLISH LANGUAGE (2d ed. 1952)). It carries both a causative connotation and, arguably, some implication of intent (see Part III, *infra*).

“Actively,” in turn, means that the action that causes the inducement must be some kind of affirmative act, and not merely a failure to prevent infringement by another. See *Tegal Corp. v. Tokyo Electron Co.*, 248 F.3d 1376, 1378-79 (Fed. Cir. 2001) (“‘Actively inducing,’ like ‘facilitating,’ requires an affirmative act of some kind.”) (internal citation omitted). Perhaps best defined by its antonym, “actively” excludes from the ambit of § 271(b) anything that can fairly be characterized as “passive” inducement.⁴

⁴ “Actively induces” was not a term of art commonly used in the patent law prior to its codification in § 271(b). For example, in the pre-codification patent cases, not one uses the precise term “actively induces.” Only one uses the term “active inducement.” *B.B. Chem. Co. v. Ellis*, 314 U.S. 495, 497 (1942) (“Petitioner insists that the respondents’ acts of infringement, as found by the district court, were not limited to the sale of material for use by the patented method * * * , but amounted to active inducement of infringement by the shoe manufacturers and to cooperation with their infringing acts.”) And only two use the derivative “actively induced,” although both of those cases involved what is now called contributory infringement. *Individual Drinking Cup Co. v. Errett*, 297 F. 733, 737 (2d Cir. 1924) (“[I]t is then charged that defendants actively induced the

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Looking to the broader structure of the statute, § 284 allows for enhanced damages, and § 285 allows for attorney’s fees—both of which have for many decades required a finding of “willful” infringement before they can be awarded. See *In re Seagate Tech., LLC*, 497 F.3d 1360, 1368 (Fed. Cir. 2007) (en banc) (collecting cases).

Taking all of the text and structure together, several inferences can be drawn:

- *First*, because § 271(b) includes no express scienter requirement and because it provides that inducers “shall be liable *as an infringer*,” there is a reasonable statutory argument that the intent requirement is the same as in § 271(a)—none whatsoever.⁵

users of such machines to infringe, by persuading them that they may use defendants’ fasteners with impunity.”) (quoting *Heaton-Peninsular Button-Fastener Co. v. Eureka Specialty Co.*, 77 F. 288, 296-97 (6th Cir. 1896)) (internal citations omitted).

⁵ As discussed *supra*, neither § 271(a) nor § 271(b) include any express intent requirement, and § 271(b) provides that anyone who “actively induces * * * shall be liable *as an infringer*.” (Emphasis added.) In contrast, § 271(c) expressly requires a “knowing” violation. Thus, one could argue, §§ 271(a) and (b) both create strict liability offenses, and § 271(c) does not. This statutory pattern is reflected yet again in § 271(f), which Congress added in 1984. Section 271(f) addresses the supply, from the United States, of one or more components for assembly as an infringing device outside the United States. Section 271(f)(1) prohibits “active inducement,” and—like § 271(b)—contains no express intent requirement. Section 271(f)(2) addresses components that are “not a staple article or commodity of commerce suitable for substantial noninfringing

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- *Second*, even if § 271(b) does implicitly include an intent requirement, it is fair to assume that it requires a lower level of intent than § 271(c), the latter of which expressly requires a “knowing” violation.⁶ Otherwise, the Court would fail to give effect to Congress’s omission of the term “knowing” in § 271(b).⁷

use,” and—like § 271(c)—expressly requires a “knowing” violation.

⁶ Pentalpha argues that § 271(b) must have *the same or higher* standard of intent than § 271(c), because otherwise, Pentalpha urges, it would render § 271(c) superfluous. Pet’r Br. 18-21. But the two subsections address different problems. Section 271(c) addresses components “made or especially adapted” for infringement; it targets those who provide items “unsuited for any commercial noninfringing use.” *Sony Corp. of Am. v. Universal City Studios, Inc.*, 464 U.S. 417, 441 (1984) (internal citation and quotations omitted). Liability under § 271(c) is tied to the rem—the especially adapted component—and so a “knowing” standard about how that rem can be employed makes sense. Section 271(b), in contrast, is tied to defendant’s *action*, namely “actively induc[ing] infringement.” Each provision covers a different subject, and so the intent standard for each need not coincide. And the drafters of § 271 recognized that simply selling a staple article would not open one up to § 271(b) liability. See Giles S. Rich, *Infringement Under Section 271 of The Patent Act of 1952*, 21 GEO. WASH. L. REV. 521, 541 (1953) (“The seller should not be liable under paragraph (b) for *merely* selling because merely selling a staple is not what is meant by ‘active inducement.’”) (emphasis in original).

⁷ See *Keene Corp. v. United States*, 508 U.S. 200, 208 (1993) (“[W]here Congress includes particular language in one section of a statute but omits it in another * * * , it is generally presumed that Congress acts intentionally and purposely in the

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- And *third*, at a minimum, even if § 271(b) requires intent, it must require a lower level of intent than “willfulness,” which is the intent required for an award of enhanced damages and attorney’s fees. Otherwise, every violation of § 271(b) would automatically qualify for enhanced damages and attorney’s fees—an outcome that finds no support in the structure of the statute or in common sense.⁸

Nowhere in the text or the structure of the statute is there any basis for Pentalpha’s proffered *per se* rule: that any liability under § 271(b) necessarily requires direct evidence of actual knowledge of the specific patent that was infringed. If intent is required, ordinary rules of statutory construction would provide that it should be less than the “knowing” standard that is expressly required in § 271(c) and, at a minimum, less than “willful” as required for enhanced damages and attorney’s fees.

disparate inclusion or exclusion.”) (quoting *Russello v. United States*, 464 U.S. 16, 23 (1983) (alteration and omission in original)); see also *Lindh v. Murphy*, 521 U.S. 320, 330 (1997).

⁸ See *Trans World Airlines, Inc. v. Thurston*, 469 U.S. 111, 127-28 (1985) (rejecting an overly broad standard for “willfulness” under the ADEA because it “would result in an award of double damages in almost every case” and thus would “frustrate” the intent of Congress to create “a two-tiered liability scheme”); *McLaughlin v. Richland Shoe Co.*, 486 U.S. 128, 132-33 (1988) (same).

II. THE LEGISLATIVE HISTORY LIKEWISE CONFIRMS THAT § 271(b) DOES NOT REQUIRE ACTUAL KNOWLEDGE OF THE SPECIFIC PATENT INFRINGED.

An interpretation of § 271(b) that inducing infringement liability can be proven only when there is evidence of actual knowledge of the specific patent would also not be consistent with the legislative history. The text that ultimately became § 271(b) spanned three Congresses: H.R. 5988 in the 80th Congress, H.R. 3866 in the 81st Congress, and both H.R. 3760 and H.R. 7794 in the 82nd Congress. *Dawson Chem. Co. v. Rohm & Haas Co.*, 448 U.S. 176, 204 (1980).

Importantly, the bills were a response to this Court's decisions narrowing the scope of contributory infringement—decisions that, in the bill drafters' view, had “legalized” the “stealing of inventions.”⁹

⁹ *Contributory Infringement in Patents—Definition of Invention: Hearings on H.R. 5988 before the Subcomm. on Patents, Trademarks, & Copyrights of the H. Comm. on the Judiciary, 80th Cong. 3 (1948) (“1948 Hearings”) (statement from N.Y. Patent Law Ass'n) (“The purpose of the bill is to restore the stimulus of the patent system to large and important fields of inventive effort which have, in practical effect, been placed outside the patent law by recent decisions of the Supreme Court abolishing effective protection against contributory infringement.”);* *ibid.* (“Some of the decisions of the Supreme Court which have destroyed this doctrine [of contributory infringement] and legalized such stealing of inventions are the following: *Carbice Corp. v. American Patents Development Corp.*, 283 U.S. 27 (1931); *Leitch M[anufacturing] Co. v. Barber Co.*, 302

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Over the course of the consideration, the bill text remained nearly identical through all three Congresses. Giles S. Rich, then-president of the New York Patent Law Association and “one of the main drafters of the [Patent] Act,”¹⁰ *Bilski v. Kappos*, 130 S. Ct. 3218, 3247-48 (2010), explained the purpose of § 271(b): “[w]here a patent is being infringed by a large number of scattered individuals all of whom have been caused to infringe by the same person, the practical way to stop the infringement is to sue the man who caused the infringement, rather than the multitude of persons who are infringing.” 1948 Hearings 3 (statement of Giles S. Rich).¹¹ As Rich later described, the purpose of § 271(b) was to “hold liable the mastermind who plans the whole infringement.” Giles S.

U.S. 458 (1938); *Mercoïd Corp. v. Mid-Continent Investment Co.*, 320 U.S. 661 (1944); *Mercoïd Corp. v. Minneapolis-Honeywell Regulator Co.*, 320 U.S. 680 (1944)).”

¹⁰ Judge Rich later served on the Court of Customs and Patent Appeals, and its successor, the Court of Appeals for the Federal Circuit, from 1956 until 1999.

¹¹ Some *amici* urge that some pre-codification cases can be read to require proof of willfulness or actual knowledge. See, e.g., Business Software Alliance Br. 14-16; Google Br. 10-11; Comcast Br. 8-12. But this Court has already concluded that § 271(b) was *not* intended merely to codify the common law. In *Dawson*, the Court explained that “the relevant legislative materials abundantly demonstrate an intent both to change the law and to expand significantly the ability of patentees to protect their rights against contributory infringement * * * * [T]he 1952 Act did include significant substantive changes, and * * * § 271 was one of them.” 448 U.S. at 203-04 (construing §§ 271(b), (c) and (d)).

Rich, Address Before the N.Y. Pat. Law Ass'n (Nov. 6, 1952), *reprinted in* 3 J. FED. CIR. HIST. SOC'Y 103, 113 (2009).

Concerns were raised that the language of “actively induces infringement” was too broad and would unfairly ensnare good-faith actors. See, e.g., 1948 Hearings 20-21 (statement of George E. Folk, Patent Adviser to the Nat'l Ass'n of Mfrs.); *Contributory Infringement: Hearings on H.R. 3866 before Subcomm. No. 4 of the H. Comm. on the Judiciary*, 81st Cong. 51 (1949) (“1949 Hearings”) (statement of John C. Stedman, Chief, Legis. & Clearance Section, Antitrust Div., Dep't of Justice). Obviously, these concerns were not enough to stop Congress from passing the bill.

Of most relevance here, it was specifically proposed that the phrase “actively induces” be replaced with “willfully induces.” 1949 Hearings 83 (letter from H.C. Ramsey, Chairman, Comm. on Patents & Research, Nat'l Ass'n of Mfrs.). That suggestion was not adopted.¹² Indeed, the legislative history is consistent in showing that at no point in the process did Congress contemplate that proof of actual knowledge of the specific patent was a necessary component of

¹² Likewise, Congress also considered and rejected a proposal to replace “actively induces” with the notion of “aiding and abetting.” See 1948 Hearings 30-32 (statement of Harold F. Watson, Am. Patent Law Ass'n) (proposing language that “[a]ny person, either with or without knowledge of a patent, who by his act aids another to infringe the patent shall be liable as a contributory infringer”).

§ 271(b)'s inducing infringement liability,¹³ and Congress specifically rejected the suggestion made here by Pentalpha and its *amici* that the statute be read as requiring willfulness. See *Hamdan v. Rumsfeld*, 548 U.S. 557, 579-80 (2006) (“Congress’s rejection of the very language that would have achieved the result the Government urges here

¹³ Similarly, when § 271(f) was enacted in 1984, Congress adopted the same distinction found in §§ 271(b) and (c). As initially proposed, § 271(f) contained a single section and expressly required knowledge that the device would infringe. *Patent Law Improvements Act: Hearing on S. 1535 before the Subcomm. on Patents, Copyrights & Trademarks of the S. Comm. on the Judiciary*, 98th Cong. (1984). Anticipating the same type of concern raised in the present case, witnesses implored Congress to delete the knowledge requirement:

[W]e suggest deletion of the phrase in proposed section 271(f) requiring the infringer to have knowledge that combining the invention’s components in the United States would be an infringement. Under the patent laws today, a patent may be infringed without the infringer’s knowing that he is doing so. It is inconsistent and unfair, therefore, to provide a remedy for overseas assembly of a patented device only if the exporter knows that such assembly will infringe the patent.

Id. at 26 (prepared Statement of Hon. Gerald J. Mossinghoff, Assistant Sec’y of Commerce & Comm’r of Patents & Trademarks). See also *id.* at 55-56 (prepared Statement of Bernarr R. Pravel, President, Am. Intell. Prop. Law Ass’n). As a result, § 271(f) was divided into two parts, and the part providing liability for “active inducement” contained no “knowing” requirement.

weighs heavily against the Government’s interpretation.”) (plurality opinion).

III. UNDER THE STANDARD ARTICULATED BY THIS COURT IN *GROKSTER*, PENTALPHA WAS PROPERLY HELD LIABLE FOR INDUCING INFRINGEMENT.

Of course, this Court is not analyzing the statute on a *tabula rasa*. The Court has before considered the level of intent required for inducement, most recently in *Grokster*, 545 U.S. 913 (2005). Indeed, as Pentalpha frames the case, the outcome turns on whether or not *Grokster* controls—thus, that is the sole question presented in Pentalpha’s view. Accordingly, Pentalpha spends virtually the entire argument section of its brief urging the Court to apply the *Grokster* standard of “purposeful, culpable expression and conduct.” After erecting that edifice, Pentalpha asserts the following:

A fortiori, because one cannot have a purpose to infringe a patent of which one is unaware, this state of mind standard necessarily requires that the accused inducer have actual knowledge of the patent.

Pet’r Br. 26 (emphasis added). This lone conclusory sentence is the only argument that Pentalpha provides that the *Grokster* standard requires actual knowledge of the specific patent infringed. Pentalpha is incorrect.

In *Grokster*, the Court addressed the standard for inducement of copyright infringement, and, in doing so, borrowed heavily from patent law.¹⁴ The Court observed that “the lines between direct infringement, contributory infringement and vicarious liability are not clearly drawn.” 545 U.S. at 930 n.9 (quoting *Sony Corp. of Am. v. Universal City Studios, Inc.*, 464 U.S. 417, 435 n.17 (1984)) (internal quotations omitted). Nevertheless, the Court explained that “[o]ne infringes contributorily by intentionally inducing or encouraging direct infringement.” *Grokster*, 545 U.S. at 930.

Looking to patent law, the Court adopted what it described as the patent-law “inducement rule,” characterizing its holding as follows:

We adopt [the patent-law inducement rule] here, holding that one who distributes a device with the object of promoting its use to infringe copyright, as shown by clear expression or other affirmative steps taken to foster

¹⁴ *Amici* MPAA and RIAA urge this Court to be mindful of the distinctions between inducing infringement in copyright and patent law. MPAA Br. 4-24. The distinction, however, is not implicated in this case. Indeed, what Pentalpha did here (copy a competitor’s entire product) is more akin to “outright piracy” than even the conduct in *Grokster*. See MPAA Br. 13-14 (“In the mine run of cases, induced copyright infringement takes the form of outright piracy, such as wholesale copying of an entire protected work * * * * Such wholesale copying of entire copyrighted works leaves no doubt that infringement has occurred. It requires no expert testimony. And it is clearly culpable conduct.”).

infringement, is liable for the resulting acts of infringement by third parties.

Id. at 936-37.

Thus, the holding of *Grokster* encompassed two elements:

- the substantive standard for inducement: “one who distributes a device *with the object of promoting* its use to infringe,” and
- the method of determining if that standard is satisfied: “*as shown by* [1] clear expression or [2] other affirmative steps taken to foster infringement.”

Ibid. (emphasis added).

The purpose of this rule, the Court explained, was to distinguish “culpable” behavior from innocent behavior (*id.* at 937), so that those fairly characterized as bad actors would face liability, and those simply engaging in ordinary commerce would not.

Assuming that the *Grokster* test applies to § 271(b),¹⁵ Pentalpha’s conduct easily satisfies it. Critically, none of the defendants in *Grokster* had specific knowledge of the precise copyrights that would be infringed by their customers. Instead, the Court found persuasive “[t]hree features of th[e] evidence of intent.” *Id.* at 939. First, each defendant

¹⁵ But see *id.* at 934 n.10 (distinguishing the broader liability under § 271(b) from the more circumscribed liability under § 271(c)).

company “showed itself to be aiming to satisfy a known source of demand” for the infringement; second, neither company developed software filtering tools to minimize their infringement; and third, the companies profited by the increased infringement of their users. *Id.* at 939-40.

By any measure, Pentalpha’s conduct is at least as culpable, if not more so, than that of the defendants in *Grokster*. The *Grokster* test measures inducement “*as shown by* [1] clear expression or [2] other affirmative steps taken to foster infringement.” *Id.* at 937. And Pentalpha carried out numerous “other affirmative steps taken to foster infringement”:

- Pentalpha purchased SEB’s product abroad (where it would have no U.S. patent markings) (J.A. 26a-27a);
- It disassembled and reverse engineered SEB’s deep fryer (J.A. 119a-121a);
- As the the former head of Pentalpha Enterprises U.S. explicitly admitted, Pentalpha “actually took [SEB’s fryer] and *changed the cosmetic design and just copied the features of the unit*” (J.A. 118a) (emphasis added);
- It obtained a patent search from a small law firm in Binghamton, New York (S.A. 17-37) (“in the middle of nowhere,” as the district court characterized it (R.A. 63-64)), and then it *deliberately failed to tell the lawyer that it had copied SEB’s product or to ask him to search SEB’s patents* (J.A. 111a-112a);

- At substantial profit, Pentalpha marketed, packaged, and sold hundreds of thousands of the copied units to U.S. retailers and distributors who in turn resold them in the United States (R.A. 61-63);
- Pentalpha supplied English-language operating manuals with the product bearing the names of the retailers and distributors (S.A. 5-16);
- When explicitly notified of SEB’s patent on or about April 9, 1998 (when Sunbeam notified Pentalpha of SEB’s suit), it continued selling the copied units unabated, *SEB S.A. v. Montgomery Ward & Co.*, 77 F. Supp. 2d at 399; and
- When enjoined by a federal district court from selling the copied units, it quickly modified the design in minor respects and began selling the “virtually identical” units—requiring SEB once again to seek (and obtain) yet another federal court injunction. *SEB S.A. v. Montgomery Ward & Co.*, 137 F. Supp. 2d at 285.

On any fair assessment, those are not the actions of an innocent. As the jury had no difficulty concluding, Pentalpha was entirely culpable—indeed, its conduct was not only unlawful, it was willfully so, see Part V.B, *infra*. By any measure, Pentalpha’s conduct evidences a greater degree of active participation in the wrongdoing than Grokster’s; whereas Grokster merely sold a product with the knowledge and intent that others would use it to infringe, Pentalpha purposely

and directly infringed itself and then deceived other innocent third parties into doing the same.¹⁶

Nothing in *Grokster* requires actual knowledge of the specific patent infringed—*any more than it required actual knowledge of the specific copyrights that were going to be infringed* by Grokster’s product. Instead, *Grokster* required only “clear expression or other affirmative steps taken to foster infringement.” *Id.* at 937. Here, Pentalpha’s conduct easily meets that test.

IV. ALTERNATIVELY, EVIDENCE OF WILLFUL BLINDNESS FULLY SUPPORTS IMPOSING LIABILITY UNDER § 271(b).

A. Even if Actual Knowledge of the Specific Patent Were Required, Pentalpha’s Willful Blindness to SEB’s Patent Provided Constructive Knowledge of that Patent.

To prevail, Pentalpha must convince the Court (1) that liability under § 271(b) in effect requires willfulness, as demonstrated by actual knowledge of the specific patent that would be infringed; and (2) that actual knowledge can be demonstrated only by direct evidence. Neither proposition is defensible.

¹⁶ For that reason, Pentalpha was forced to indemnify Sunbeam for its subsequent direct infringement, which Pentalpha had induced in the first place.

Even assuming *arguendo* that the Court were to hold that actual knowledge of the specific patent is required—in effect, adopting a far stricter standard for intent than the Court applied in *Grokster*—then the undisputed evidence of Pentalpha’s willful blindness to SEB’s patent should nonetheless constitute constructive knowledge of that patent.¹⁷

Pentalpha’s demand that knowledge can be proven only by direct evidence finds no support in the case law. As *amicus* Intellectual Property Owners Association observed,

[i]n many cases no direct evidence exists that the defendant actually knew of the asserted patent before the action was filed. Absent the smoking gun to the contrary, however, there may be circumstantial evidence that the defendant knew of a greater, more specific risk of patent infringement * * * *

Intell. Prop. Owners Ass’n Br. 3.

Nothing in the statute requires the unlikely smoking gun of Pentalpha’s President Mr. Sham admitting on the stand “yes, I knew of SEB’s ‘312 patent from the outset.” Rather, as the Court observed recently, “knowledge must *almost always* be

¹⁷ Of course, “willful blindness” is distinct from “willful infringement,” the former being a long-accepted method of establishing constructive knowledge of a general fact and the latter being the standard allowing for enhanced damages and attorney’s fees under patent law.

proved by circumstantial evidence.” *United States v. Santos*, 553 U.S. 507, 521 (2008) (plurality opinion) (emphasis added; internal punctuation omitted).

And, even without direct or circumstantial evidence of actual knowledge, if a party remains willfully blind to the specific patent, as a matter of law that constitutes constructive knowledge of the patent.¹⁸ Thus, “knowledge consciously avoided is the legal equivalent of knowledge actually possessed.” *United States v. Svoboda*, 347 F.3d 471, 480 (2d Cir. 2003); see also *United States v. One 1973 Rolls Royce*, 43 F.3d 794, 808 (3d Cir. 1994) (“[W]illful blindness is a subjective state of mind that is deemed to satisfy a scienter requirement of knowledge.”).

As this Court has explained, willful blindness arises when a party, “aware of a high probability” of a fact, “*deliberately avoids* learning the truth.” *Santos*, 553 U.S. at 521 (emphasis added). That is precisely what occurred here.

¹⁸ Several *amici* urge the Court “to set forth the requirements for constructive knowledge consistent with the traditional formulation of willful blindness.” Fed. Cir. Bar Ass’n Br. 13-14; Cisco Br. 16 (“Actual knowledge can also be proven through the familiar doctrines of ‘willful blindness’ and ‘conscious avoidance.’”); Intell. Prop. Owners Ass’n Br. 12 (“Liability might also be established if the evidence showed that the defendant purposefully made sure *not to know* about the patent in suit * * *”) (emphasis in original); Yahoo Br. 17 n.3 (“Of course, willful blindness to a fact is itself knowledge of the fact.”).

Pentalpha knew the following:

- At least since 1996, SEB had been selling deep fryers in the U.S. J.A. 122a.
- Pentalpha purchased SEB's deep fryer overseas, where it would not contain U.S. patent markings. J.A. 26a-27a.
- Pentalpha disassembled and reverse engineered SEB's deep fryer. J.A. 119a-121a.
- Pentalpha "actually took [SEB's fryer] and *changed the cosmetic design and just copied the features of the unit.*" J.A. 118a (emphasis added).

Presumably, the precise reasons that Pentalpha had purchased, reverse engineered, and then copied SEB's fryer were that (1) it believed the SEB fryer embodied useful technological advances, and (2) it believed these advances were commercially valuable in the U.S. market. Those facts present a paradigmatic example of when a party is "aware of a high probability" that a product contains patented inventions.

Indeed, there is a powerful argument that the deliberate copying of a complete commercial product—with the intent of selling the copied product on the U.S. market—raises, at a minimum, an affirmative obligation to ascertain whether that particular commercial product is protected under the U.S. patent laws. By way of comparison, "evidence of copying" is likewise deemed probative of willfulness for enhanced-damages under § 284. See *DePuy Spine, Inc.*

v. *Medtronic Sofamor Danek, Inc.*, 567 F.3d 1314, 1335-36 (Fed. Cir. 2009) (citing *Seagate*, 497 F.3d at 1371).¹⁹

Regardless, here the jury reasonably concluded that Pentalpha met the *Santos* standard of “deliberately avoid[ing] learning the truth.” To be sure, Pentalpha did ask an attorney to conduct a patent search (so that it could sell its products to Sunbeam), but it deliberately failed to tell the attorney the critical fact necessary to do so: that the product in question had been directly copied from SEB’s deep fryer.

Had Pentalpha given the attorney that information, it would have received certain confirmation of SEB’s patent. Instead, Pentalpha got what it wanted: plausible deniability.

Several of the *amici* raise concerns about the “patent thicket,” about how difficult it may be to discover every patent potentially in the universe. However, that problem was not presented by the facts of this case. As a practical matter, it is markedly easy to identify relevant patents if one already knows the name of the potential patentee. For example, if patent counsel had been told that the fryer had been copied from SEB’s fryer—and nothing more—that counsel

¹⁹ See also *Intell. Prop. Owners Ass’n Br. 13* (“[C]ircumstantial evidence of * * * purposeful disregard may include, for example, evidence of a defendant’s copying a competitor’s product * * *”).

could have gone to the Patent and Trademark Office's records and found SEB's patent within minutes.²⁰

That, however, was not Pentalpha's objective; Pentalpha did not want its lawyer to know that it had copied SEB's product. And, as *amicus* Intellectual Property Owners Association explains,

[p]utting one's proverbial head in the sand—perhaps taking care *not* to know of the particular patent that is later asserted—should not allow one to avoid liability for inducement; to so hold would gut [§] 271(b).

Intell. Prop. Owners Ass'n Br. 5-6.

B. The Federal Circuit's Standard Was Merely Another Formulation of Willful Blindness.

Pentalpha devotes the substantial majority of its argument (Pet'r Br. 16-21, 28-35) to attacking the

²⁰ Today, one simply has to go to www.uspto.gov, click on "Search patent databases," click on "USPTO Patent Full-Text and Image Database," and then click on "Quick Search." Entering "SEB" and "fryer," and setting both to "All Fields," yields 59 results (as of December 30, 2010). One of those results is the '312 patent, "Cooking appliance with electric heating"—the precise patent at issue here. This can all be done with a few mouse clicks, zero cost, without any special software, and in about two minutes. Even in 1997, one could have found much of the same information by a computer search either of the USPTO records, see <http://www.uspto.gov/news/pr/1995/95-31.jsp>, or of a private database, such as Lexis-Nexis or Derwent.

Federal Circuit’s precise formulation of its standard, and in particular its verbiage concerning “deliberate indifference of a known risk.” Of course, this Court reviews judgments, not opinions. *Chevron, U.S.A., Inc. v. Natural Resources Def. Council, Inc.*, 467 U.S. 837, 842 (1984). The judgment of the Federal Circuit upheld the jury verdict, and functionally, the basis for doing so was willful blindness.²¹

This Court has previously wrestled with various levels of intent in civil statutes. In *Safeco Insurance Co. of America v. Burr*, 551 U.S. 47, 56-57 (2007), the Court considered whether “willfully” failing to comply with the FCRA required a “know[ing]” violation, or whether it included “reckless disregard” as well. The Court concluded that “willfulness” encompassed *both* knowing and reckless conduct. *Ibid.* (“[W]e have generally taken [“willfulness”] to cover not only knowing violations of a standard, but reckless ones as well * * *”) (collecting cases).

²¹ Pentalpha likewise devotes considerable criticism to the Federal Circuit’s reference to whether Pentalpha “knew or should have known” that its actions would induce infringement. That language is precisely the standard reflected in the RESTATEMENT (SECOND) OF TORTS (1979) concerning inducement:

For harm resulting to a third person from the tortious conduct of another, one is subject to liability if he * * * orders or *induces* the conduct, if he *knows or should know* of the circumstances that would make the conduct tortious if it were his own * * * *

Id. at § 877 (emphases added). And, regardless, the test that the Federal Circuit actually applied was a test of willful blindness, not merely a “knew or should have known” test.

As discussed in Parts I and II *supra*, it cannot be that inducing infringement under § 271(b) requires willfulness, because that is the same standard required for enhanced damages and attorney’s fees under §§ 284 and 285. Cf. *Trans World Airlines*, 469 U.S. at 127-28. And given that willfulness encompasses recklessness as well—under both *Safeco* and the Federal Circuit’s *en banc Seagate* decision, 497 F.3d at 1370-71—it likewise makes little sense under the statute to require recklessness under § 271(b). Otherwise, every violation of § 271(b) would automatically qualify for enhanced damages and attorney’s fees.

Although the Federal Circuit used the language of “deliberate indifference,” it framed its inquiry as whether Pentalpha had “‘*constructive* knowledge of the patent.’” Pet. App. 28a (quoting *Insituform Techs.*, 161 F.3d at 695) (emphasis in the original). That, of course, is the same inquiry as with willful blindness.

And it focused on preventing an “accused wrongdoer [from] actively disregard[ing] a known risk that an element of the offense exists.” Pet. App. 29a. In so doing, the Federal Circuit expressly relied upon the standards of willful blindness:

[T]he standard of *deliberate indifference of a known risk* is not different from actual knowledge, but is a form of actual knowledge. See, e.g., *United States v. Carani*, 492 F.3d 867, 873 (7th Cir. 2007) (“*Deliberate avoidance* is not a standard less than knowledge; it is simply another way that knowledge may be proved.”); *Woodman v.*

WWOR-TV, Inc., 411 F.3d 69, 84 n.14 (2d Cir. 2005) (“We note that a party’s knowledge of a disputed fact may also be proved through evidence that he *consciously avoided knowledge* of what would otherwise have been obvious [to] him.”).

Id. at Pet. App. 30a. (emphases added).

And, regardless of the precise verbal formulation employed by the Federal Circuit, the judgment of the court was to affirm the district court, and the district court’s reasoning was precisely that of willful blindness. As the Federal Circuit explained,

[T]he [district] court held that there was evidence to support SEB’s theory of inducement, which the court characterized as follows:

[SEB is] saying that you could infer the specific intent to * * * encourage the infringement by the fact that [Pentalpha’s president] *doesn’t disclose that [Pentalpha copied the SEB product] to the people doing the [patent] search. [Pentalpha] wants them to do a search that * * * is doomed to failure*, and that that is enough, that a reasonable jury could infer that, specific intent * * * * Here is the argument. There are a zillion patent attorneys in New York City, [yet][t]hey go to this guy in the middle of nowhere to do this patent search * * * * I don’t know what happened. I’m not in [Pentalpha’s

President's] head. I don't know what he did * * * * I think it is * * * a reasonable argument, could a jury infer from those actions, if they chose to believe them in the way the plaintiffs want, that that was an indication that [*he*] *understood that he was likely violating a patent, in fact violating a patent.*

The district court therefore allowed SEB's inducement claim to reach the jury.

Pet. App. 7a-8a (emphases added).²²

As the district court concluded, Pentalpha took affirmative steps *not* to know that SEB's fryer was protected by a patent. That is the essence of willful blindness.

On its face, the district court's ruling on Pentalpha's Motion for Judgment as a Matter of Law turned on

²² The jury charge explained as follows:

Defendants cannot be liable for inducing infringement if they had no reason to be aware of the existence of the '312 patent.

If you find that someone has directly infringed the '312 patent and that the Defendants knew or should have known that its actions would induce direct infringement, you may find that Defendants induced another to infringe Plaintiff's patent by supplying the infringing deep fryers *with the knowledge and intent that their customers * * * would directly infringe by selling the deep fryers in the United States.*

J.A. 148a. (emphasis added).

Pentalpha's not "*disclos[ing] that [Pentalpha copied the SEB product] to the people doing the [patent] search. [Pentalpha] wants them to do a search that * * * is doomed to failure.*" *Id.* at 8a. That is the language of willful blindness, and that is the judgment that the Federal Circuit affirmed.

V. IMMUNIZING PENTALPHA'S CONDUCT FROM LIABILITY WOULD SERIOUSLY COMPROMISE THE PROTECTION OF U.S. INTELLECTUAL PROPERTY.

A. If Pentalpha Is not Held Liable for Inducement, Unscrupulous Foreign Manufacturers Will View this Case as a Roadmap for Knocking Off Products and Selling Them in the United States Without Regard for U.S. Intellectual Property Rights.

The protection of U.S. intellectual property rights abroad is a serious legal and policy concern. There is no dispute that Pentalpha deliberately copied a product that was protected by a U.S. patent. Pentalpha deliberately avoided learning about the specific patent, and then took active steps to cause innocent third-party retailers and distributors to buy its copied product and re-sell it in the United States. If Pentalpha is not held liable for inducing this infringement, this case will serve as a roadmap for others to violate U.S. intellectual property rights with impunity.

As one of the principal authors of § 271(b) explained, “[t]hieves are ingenious scoundrels.” Rich, 21 GEO. WASH. L. REV. at 531. If Pentalpha were to prevail, any foreign company would be free to (1) purchase a U.S. patent-protected product abroad (where it will lack U.S. patent markings); (2) reverse engineer and copy that product; (3) deliberately avoid learning if that particular product is protected by U.S. patents; and then (4) sell the copied products to U.S. retailers free of liability for inducing infringement.

If those producers are not liable for inducement, there is a real possibility that they would not be liable for direct infringement either. In the district court, Pentalpha vigorously argued that, simply because the deep fryers were sold FOB Hong Kong or China, it could not be found liable under § 271(a). That argument was rejected in this case (Pet. App. 26a-27a) and is not presently before this Court.²³ Indeed, it was for that reason that the inducement claim was included in the first place—to ensure liability for a foreign manufacturer who was misappropriating U.S. intellectual property and who might otherwise escape responsibility.

²³ Before this Court, Pentalpha continues to press the presumption against extraterritoriality. Pet’r Br. 24-26. Regardless of its applicability in general, in this case the facts belie Pentalpha’s position. Pentalpha received the orders from U.S. companies, manufactured the deep fryers with U.S. electrical fittings and U.S. brand names, and arranged to have them shipped into the United States with U.S. operating manuals. Pentalpha even expressly consented to have its own conduct governed by U.S. law in its contract with Sunbeam. See J.A. 9a (“This Agreement shall be interpreted, enforced, and construed under the laws of the State of Florida * * *”).

If willful blindness of specific patent rights can serve to immunize one from liability under § 271(b), that outcome would significantly frustrate the intent of Congress to provide effective deterrence to those who would otherwise induce infringement. And it would expose innocent third-party retailers in the U.S. to liability for direct infringement, without allowing liability for the truly culpable actor.²⁴

As this Court explained:

When a widely shared service or product is used to commit infringement, it may be impossible to enforce rights in the protected work effectively against all direct infringers, the only practical alternative being to go against the distributor of the copying device for secondary liability on a theory of contributory or vicarious infringement.

Grokster, 545 U.S. at 929-30. It would make little sense for the only morally culpable actor in this decade-long drama to be relieved of responsibility for inducing infringement, while holding the innocent

²⁴ SEB would also have a right under § 271(a) to sue each of the hundreds of thousands of individual users who bought an infringing Pentalpha deep fryer from one of the American retailers and used it in their homes. These individuals would then have a right to sue the U.S. retailers for indemnification, and then the U.S. retailers would in turn have a right of indemnification from Pentalpha. It is impractical for SEB to sue so many individuals for such a small per-infringement recovery, and that is why the patent law allows for the patent holder to recover, in one suit, from the party ultimately responsible for the infringement—here, Pentalpha.

third-party retailers liable.²⁵ Nothing in the statute supports such a counterintuitive outcome.

B. Pentalpha’s Concerns About Capturing “Innocent” Market Participants Are Greatly Exaggerated.

Pentalpha casts itself as a defender of “innocent” market participants, and its *amici* raise a number of real concerns. There are, no doubt, too many bad patents, too many vague patents, and too many litigants using patent litigation to harass and extract payments from good-faith commercial enterprises. While all true, none of that is relevant to the case at bar.

Pentalpha did not find itself ensnared by a non-practicing entity (“NPE” or “patent troll”) or by some obscure submarine patent that emerged after it had independently developed a new commercial product. Instead, the patent-in-suit issued to SEB, a major competitor in the field, years before Pentalpha entered the market. Pentalpha then took SEB’s

²⁵ The Uniform Commercial Code endeavors to protect the innocent when it comes to patent infringement:

Unless otherwise agreed, a seller that is a merchant regularly dealing in goods of the kind warrants that the goods shall be delivered free of the rightful claim of any third person by way of infringement * * * *

U.C.C. § 2-312(2). But foreign sellers selling FOB overseas—particularly unscrupulous sellers who would be inclined to copy the intellectual property of others—may fall outside U.S. jurisdiction and so escape claims for indemnification as well.

successful commercial product, illicitly copied it, and remained willfully blind to the owner’s intellectual property while it profited substantially from selling the copied products in the United States.²⁶

Accordingly, any rule that the Court sets out in this case can be quite narrow:

- First, the Court could hold that the *Grokster* standard governs, and Pentalpha’s highly culpable conduct constituted “other affirmative steps taken to foster infringement.”
- Second, even more narrowly, the Court could hold that a defendant cannot be willfully blind to another’s intellectual property and remain immune from inducement liability.
- And third, at the most narrow, the Court could hold that—in the limited circumstances where a defendant reverse engineers and copies a commercial product—the copier is obliged to at least make some effort to ascertain whether the copied product is protected by U.S. patents before selling the copies on the U.S. market.

²⁶ Moreover, the facts here are markedly different from the circumstances raised by several *amici* in the technology sector. Computer hardware and software typically have multiple potential uses, and so questions of contributory infringement usually turn on what the defendant knew about how the product would in fact be used. In contrast, Pentalpha copied a commercial product—a deep fryer designed for home use—that had but one use. And, because that product had been reverse engineered to copy SEB’s entire product, every single use was necessarily infringing.

At the narrowest, that rule would affect almost no good-faith commercial actors.²⁷ As *amici* point out, “empirical evidence suggests that only a small percentage of patent cases involve copying of the plaintiff’s invention.” Lemley Br. 16. “Deliberate copying and willful infringement are * * * rare in the patent context.” MPAA Br. 19. And a copied, patented product has no non-infringing use; every single use or sale violates the rightful owner’s intellectual property rights. Indeed, a rule focused on deliberate copiers protects innocent actors, comports with existing law, and properly attaches liability to morally culpable conduct.

²⁷ Despite Pentalpha’s rather odd assertion to the contrary (Pet’r Br. 23), inducements that result in no harm do not expose an actor to liability because there can be no liability for inducement in the absence of direct infringement. See *Grokster*, 545 U.S. at 940 (“[T]he inducement theory of course requires evidence of actual infringement by the recipients of the device * * *”). Indeed, the jury was expressly so instructed: “To show inducement, Plaintiff must prove by a preponderance of the evidence that someone has directly infringed the patent.” J.A. 147a.

VI. EVEN IF THE COURT WERE TO FIND ERROR IN THE INDUCEMENT STANDARD, THE COURT SHOULD STILL AFFIRM THE JUDGMENT.

A. Even if the Inducement Finding Were Set Aside, the Judgment Should Be Affirmed Because all the Damages Are Attributable to Pentalpha's Direct Infringement.

The jury returned a special verdict, separately finding Pentalpha liable for both direct infringement and also inducing infringement. Even if the Court were to reverse the inducement finding, the entire damage award is still supported by the direct infringement finding—which is not challenged by Pentalpha in this Court.

The Federal Circuit acknowledged that “[n]ormally [a special verdict with two grounds for liability] could support a damages award even if only one theory was correct.” Pet. App. 23a. However, the court perceived what it described as a “hopeless ambiguity” between the verdict form and the jury instructions. *Id.* at 23a. The court explained:

The verdict form itself suggests that the jury was asked to base its damages calculation on inducement only. The verdict form asked, “What amount of damages in the form of a reasonable royalty do you find the plaintiff to have proven by a preponderance of the evidence with respect to deep fryers *sold*

by Sunbeam, Fingerhut, and Montgomery Ward?”

Ibid. (emphasis added).

In contrast, the jury instructions told the jury to base damages on the number of fryers sold by Pentalpha:

The patent law specifically provides that the amount of damages that the Defendants must pay Plaintiff for infringing Plaintiff’s patent may not be less than a reasonable royalty *for the use that the Defendants made of Plaintiff’s invention*. You must determine what a reasonable royalty would be for the infringing sales *of these Defendants and their subsidiaries*.

Pet. App. 23a-24a (emphasis in original).

Because the number of fryers sold by Pentalpha is the measure of damages for direct infringement and the number of fryers sold by the retailers is the measure of damages for inducement, the Federal Circuit concluded it could not determine the basis of the damages award and so it needed to uphold *both* bases to uphold the damages award (which it did). *Id.* at 24a.

However, the Federal Circuit was mistaken. In this case, there is no ambiguity whatsoever: At trial, the parties *stipulated* to the number of deep fryers sold, and to whom. R.A. 63 (stipulating that Pentalpha sold 312,736 deep fryers to Sunbeam, 46,418 deep fryers to Montgomery Ward, and 47,064 deep

fryers to Fingerhut). Thus, there was no difference at all in the number of fryers sold by Pentalpha and the number sold by the retailers—by stipulation, both were identical.

Indeed, Pentalpha never argued, nor was any evidence introduced, that the numbers were any different; to the contrary, during summation at trial, Pentalpha's counsel *objected* when he thought SEB's counsel was going to argue that the number of infringing units might be different than that identified in the stipulation. See R.A. 64-65.

Because the number of units at both steps in the process was by stipulation identical, both of the theories of recovery support the same damages award. The damages awarded were based on the jury's finding of a reasonable royalty rate. See *Id.* at 32-36, 42-44. And, regardless of what happens with the inducement finding, that damages award should be upheld.

B. Even if the Court Were To Hold that Actual Knowledge of the Specific Patent Is Required, the Court Should Still Affirm Because the Jury Expressly Found Pentalpha Had Actual Notice of SEB's Patent.

This entire appeal is based on a false hypothetical. Pentalpha asks this Court to hold that actual knowledge of a specific patent is necessary for liability under § 271(b), and the premise of that request is

that there is no jury finding of actual knowledge. That premise is false.

During the jury charge, the court instructed the jury on willfulness. It instructed as follows:

Willfulness *must* be proven by clear and convincing evidence showing that, one, *Defendants had actual knowledge of the Plaintiff's patent*, and, two, Defendants had no reasonable basis for believing, A, that the deep fryers did not infringe Plaintiff's patent, or, B, that the Plaintiff's patent was invalid.

In making the determination as to willfulness, you must consider the totality of the circumstances.

The totality of the circumstances comprises a number of factors, which include, but are not limited to, whether Defendants intentionally copied the product covered by Plaintiff's patent, whether the Defendant exercised due care to avoid infringing the patent, whether the Defendant relied on competent legal advice, and the Defendants' behavior as a party to the litigation.

R.A. 30-31 (emphasis added).

Juries are, of course, "presumed to follow the court's instructions." *CSX Transp., Inc. v. Hensley*, 129 S. Ct. 2139, 2141 (2009) (per curiam). The verdict form, in turn, had two questions on willfulness. One asked if willfulness was proven with respect to Pentalpha's first deep fryer, and the second asked if willfulness was proven as to the second deep fryer.

These two time periods span the entire time of accused infringing and inducing infringement activity.

The jury answered “yes” to both questions.²⁸ As a result, the jury necessarily found, as a factual matter—by clear and convincing evidence no less—that “[d]efendants had actual knowledge of the Plaintiff’s patent.”

Accordingly, any error in the jury instructions was harmless, see *Mitchell v. Esparza*, 540 U.S. 12 (2003); 28 U.S.C. § 2111, and regardless of the answer to the question presented, the Court should affirm the judgment below.



²⁸ On a post-trial motion, the district court held that its willfulness instruction did not comply with the Federal Circuit’s subsequent modification of the legal standard for willfulness in *Seagate*, and so set aside its earlier award of enhanced damages and attorney’s fees. *SEB S.A. v. Montgomery Ward & Co.*, 2008 WL 450416, at *1. That legal conclusion does nothing to undermine the jury’s factual finding that Pentalpha had actual knowledge of SEB’s patent.

CONCLUSION

The judgment should be affirmed.

Respectfully submitted,

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UNITED STATES DISTRICT COURT
SOUTHERN DISTRICT OF NEW YORK

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SEB, S.A.,

Plaintiff,

v.

99 CIV. 9284 (SCR)

MONTGOMERY WARD & CO., INC.,
GLOBAL-TECH APPLIANCES, INC., and
PENTALPHA ENTERPRISES, LTD.,

Defendants.

----- x

U.S. Courthouse
White Plains, N. Y.
April 17-21, 2006

Jury Trial Before: HON. STEPHEN C. ROBINSON,
U.S. District Judge

* * *

JURY CHARGE AS READ TO THE JURY BY
JUDGE STEPHEN C. ROBINSON

[961] THE COURT: Great. Please be seated.

Ladies and gentlemen, you are about to enter your final duty, which is to decide the fact issues in the case. Before you do that, I will instruct you on the law. You must pay close attention to me now, and I will go as slowly as I can and be as clear as possible.

First, let me also just note for you, you don't need to take notes of this, because I will actually give you a hard copy of it or a couple of hard copies to take into your jury deliberations.

I told you at the very start of the trial that your principal function during the taking of testimony would be to listen carefully and observe each witness testifying. It has been obvious to me and to counsel that you have faithfully discharged this duty. Your interest never flagged, and it is [962] evident that you followed the testimony with close attention.

I ask you now to give me that same careful attention as I instruct you as to the law.

You have now heard all of the evidence in the case, as well as the final arguments of the lawyers for the parties. My duty at this point is to instruct you as to the law. It is your obligation to accept these instructions of law and apply them to the facts as you determine them, just as it has been my duty to preside over the trial and decide what testimony and evidence is relevant under the law for your consideration.

On these legal matters, you must take the law as I give it to you. If any attorney has stated a legal principle different from any that I state to you in my instructions, it is my instructions that you must follow.

You should not single out any instruction alone as stating the law, but you should consider my instructions as a whole when you retire to deliberate in the jury room.

You should not, any of you, be concerned about the wisdom of any rule that I state. Regardless of any

opinion that you may have as to what the law may be, or ought to be, it would violate your sworn duty to base a verdict upon any other view of the law than that which I give you.

Your final role is to pass upon and decide the fact issues that are in this case. You, the members of the jury, [963] are the sole and exclusive judges of the facts. You pass upon the weight of the evidence; you determine the credibility of the witnesses; you resolve each—I'm sorry—you resolve such conflicts as there may be in the testimony, and you draw whatever reasonable inferences you decide to draw from the facts as you have determined them.

I shall later discuss with you how to pass upon the credibility, or believability, of witnesses.

In determining the facts, you must rely upon your own recollection of the evidence. What the lawyers have said in their opening statements, in their closing arguments, or in their objections is not evidence. Moreover, you should bear in mind that a question put to a witness is never evidence. It is only the answer which is evidence. But you may not consider any answer that I directed you to disregard or that I directed struck from the record. Do not consider such answers.

Finally, nothing I may have said during the trial or may say during these instructions with respect to a fact matter is to be taken in substitution of your own independent recollection. What I say is not evidence.

The evidence before you consists of the answers given by the witnesses, the testimony they gave, as you recall it, and the exhibits that were received in evidence, and any fact that this Court has taken judicial notice of, [964] and any stipulation between the parties. You may also consider the stipulations of the parties as evidence.

Since you are the sole and exclusive judges of the facts, I do not mean to indicate any opinion as to the facts or what your verdict should be. The rulings I have made during the trial are not any indication of my views of what your decision should be as to whether or not the Plaintiff has proven its case by a preponderance of the evidence.

I also ask you to draw no inference from the fact that upon occasion I asked questions of certain witnesses. These questions were intended only for clarification or to expedite matters, and certainly were not intended to suggest any opinions on my part as to the verdict you should render, or whether any of the witnesses may have been more credible than any other witnesses. You are expressly to understand that the Court has no opinion as to the verdict you should render in this case.

As to the facts, ladies and gentlemen, you are the exclusive judges. You are to perform the duty of the finding—strike that. Let me start again. You are to perform the duty of finding the facts without bias or prejudice to any party. Your verdict must be based

solely upon the evidence developed at trial or the lack of evidence.

It would be improper for you to consider, in reaching your decision as to whether the plaintiffs have [965] sustained their burden of proof, any personal feelings you may have about a party's or witness's race, religion, national origin, age or sex.

It would be equally improper for you to allow any feelings you might have about the nature of the law alleged to have been violated to interfere with your decision-making process.

To repeat, your verdict must be based exclusively upon the evidence or the lack of evidence in the case.

It is the duty of the attorney for each side of a case to object when the other side offers testimony or other evidence which the attorney believes is not properly admissible. Counsel also have the right and the duty to ask the Court to make rulings of law and to request conferences at the side bar out of the hearing of the jury. All those questions of law must be decided by me, the Court.

You should not show any prejudice against any attorney or his client because the attorney objected to the admissibility of evidence, asked for a conference or side bar out of the hearing of the jury, or asked the Court for a ruling on the law.

As I already indicated, my rulings on the admissibility of evidence do not indicate any opinion about the weight or effect of such evidence. You are the sole

judges of the credibility of all witnesses and the weight and [966] effect of all evidence.

There are two types of evidence which you may properly use in deciding whether the Defendants are liable to the Plaintiffs.

One type of evidence is called direct evidence. Direct evidence is where a witness testifies to what he or she saw, heard, or observed. In other words, when a witness testifies about what is known to him or her of his or her own knowledge, by virtue of his or her own senses, what he or she sees, feels, touches or hears, that's called direct evidence.

Circumstantial evidence is evidence which tends to prove a disputed fact by proof of other facts. There is a simple example of a circumstantial evidence—strike that. There is a simple example of circumstantial evidence which is often used in this courthouse.

Assume that when you came into the courthouse this morning the sun was shining and it was a nice day. Assume that the courtroom blinds were drawn and you could not look outside. As you were sitting here, someone walked in with an umbrella which was dripping wet. Somebody else then walked in with a raincoat which was also dripping wet. Now, you cannot look outside of the courtroom and you cannot see whether or not it is raining, so you have no direct evidence of that fact. But, on the combination of facts which I have asked you to assume, it would be reasonable and logical for [967] you to conclude that it had been raining.

That is all there is to circumstantial evidence. You infer on the basis of reason and experience and common sense from an established fact the existence or the nonexistence of some other fact.

Circumstantial evidence is of no less value than direct evidence; for, it is a general rule that the law makes no distinction between direct and circumstantial evidence, but simply requires that, before returning a verdict for the plaintiffs, the jury must be satisfied that they have proven their case by a preponderance of the evidence.

During the trial you have heard the attorneys use the term “inference,” and in their arguments they may—they have asked you to infer, on the basis of your reason, experience and common sense, the existence—I’m sorry. Let me start that over again.

During the trial you have heard attorneys use the term “inference,” and in their arguments they have asked you to infer, on the basis of your reason, experience and common sense, from one or more established facts, the existence of some other fact.

An inference is not a suspicion or a guess. It is a reasoned, logical conclusion that a disputed fact exists on the basis of another fact which has been shown to exist.

There are times when different inferences may be [968] drawn from facts, whether proved by direct or circumstantial evidence. The Plaintiff asks you to draw one set of inferences, while the Defendants ask

you to draw another. It is for you, and you alone, to decide what inferences you will draw.

The process of drawing inferences from facts in evidence is not a matter of guesswork or speculation. An inference is a deduction or conclusion which you, the jury, are permitted to draw—but not required to draw—from the facts which have been established by either direct or circumstantial evidence. In drawing inferences, you should exercise your common sense.

So while you are considering the evidence presented to you, you are permitted to draw, from the facts which you find to be proven, such reasonable inferences as would be justified in light of your experience.

The evidence in this case consists of the sworn testimony of the witnesses, and the exhibits received in evidence. You should consider all of the exhibits received in evidence, regardless of which party introduced a particular exhibit.

Exhibits which have been marked for identification but do not—but not received may not be considered by you as evidence. Only those exhibits received may be considered as evidence.

[969] Similarly, you are to disregard any testimony when I have ordered it to be stricken. As I indicated before, only the witnesses' answers are evidence, and you are not to consider a question as evidence. Similarly, statements by counsel are not evidence.

You should consider the evidence in light of your own common sense and experience, and you may draw reasonable inferences from the evidence.

Anything you may have seen or heard about this case outside the courtroom is not evidence and must be entirely disregarded.

Let me emphasize that a lawyer's question is not evidence. At times, a lawyer may have incorporated into a question a statement which assumed certain facts to be true and asked the witness if the statement was true. If the witness denies the truth of a statement, and if there is no other evidence in the record proving that the assumed fact is true, then you may not consider the fact to be true simply because it was contained in the lawyer's question.

A good example of this is the lawyer's question of a witness: "When did you start stealing televisions?" You would not be permitted to consider as true the assumed fact that the witness ever stole televisions, unless the witness indicated that he or she had, or unless there is some other evidence in the record that the witness had stolen [970] televisions.

In short, questions are not evidence; answers are.

When you have an opportunity—I'm sorry, strike that.

You have had an opportunity to observe all of the witnesses. It is now your job to decide how believable each witness was in his or her testimony. You are the

sole judges of the credibility of each witness and of the importance of his testimony.

It must be clear to you by now that you are being called upon to resolve various factual issues in the face of the very different pictures painted by the Plaintiffs and the Defendants which cannot be reconciled. You will now have to decide where the truth lies, and an important part of that decision will involve making judgments about the testimony of the witnesses you have listened to and observed. In making those judgments, you should carefully scrutinize all of the testimony of each witness, the circumstances under which each witness testified, and any other matter in evidence which may help you decide the truth and the importance of each witness's testimony.

Your decision whether or not to believe a witness may depend on how that witness impressed you. Was the witness candid, frank and forthright? Or did the witness seem as if he or she was holding—I'm sorry—hiding [971] something, being evasive or suspect in some way?

How did the way the witness testified on direct examination compare with how the witness testified on cross-examination?

Was the witness consistent in his or her testimony or did they contradict themselves?

Did the witness appear to know what he or she was talking about or did the witness strike you as

someone who was trying to report his or her knowledge accurately?

How much you choose to believe a witness may be influenced by the witness's bias. Does the witness have some incentive, loyalty or motive that might cause him or her to shade the truth, or does the witness have some bias, prejudice or hostility that may have caused the witness, consciously or not, to give you something other than a completely accurate account of the facts he or she testified to?

Even if the witness was impartial, you should consider whether the witness had an opportunity to observe the facts he or she testified about, and you should consider the witness's ability to express himself or herself. Ask yourself whether the witness's recollection of the facts stands up in light of all of the other evidence.

In other words, what you must try to do in deciding credibility is to size a person up in light of his or her [972] demeanor, the explanations given, and in light of all the other evidence in the case, just as you would in any other important matter where you are trying to decide if a person is truthful, straightforward and accurate in his or her recollection. In deciding the question of credibility, remember that you should use your common sense, your good judgment and your experience.

If you find some or all of a witness's testimony not to be worthy of credit, you may choose to disregard

that entire witness's testimony or reject just the portions that you deem not to be worthy of credibility.

A witness may be discredited or impeached by contradictory evidence, or by evidence that at some other time the witness has said or done something, or has failed to say or do something, which is inconsistent with the witness's present testimony.

If you believe any witness has been impeached and thus discredited, it is your exclusive province to give the testimony of that witness such credibility, if any, as you might think it deserves.

If a witness is shown knowingly to have testified falsely concerning any material matter, you have the right to distrust such witness's testimony in other particulars, and you may reject all of the testimony of that witness or give it such credibility as you think it deserves.

[973] The rules of evidence do not ordinarily permit witnesses to testify as to opinions or conclusions. An exception to this rule exists as to those whom we call expert witnesses. Witnesses, who by education and experience, have become expert in some art, science, profession or calling, may state their opinions as to relevant and material matters in which they profess to be expert, and they may also state their reasons for the opinion.

You should consider each expert opinion received in evidence in this case and give it the weight—excuse me—and give it such weight as you may think

it deserves. If you decide that the opinion of an expert is not based upon sufficient education or experience, or if you should conclude that the reasons given in support of the opinion are not sound, or if you feel that it is outweighed by other evidence, you may disregard the opinion freely.

A witness may be permitted to testify to an opinion on those matters about which he has special knowledge, skill, experience and training. Such testimony is presented to you on the theory that someone who is experienced and knowledgeable in the field can assist you in understanding the evidence or in reaching an independent decision on the facts. In weighting this testimony, you may consider the witness's qualifications, his opinions, the reasons for [974] testifying, as well as all of the other considerations that ordinarily apply when you are deciding whether or not to believe a witness's testimony.

You may give the opinion testimony whatever weight, if any, you find it deserves in light of all the evidence in this case. You should not, however, accept opinion testimony merely because I allowed the witness to testify concerning his opinion. Nor should you substitute it for your own reason, judgment and common sense. The determination of the facts in this case rests solely with you.

You've heard testimony during the trial that witnesses may have discussed the facts of the case and their testimony with their lawyers before the witnesses appeared in court. Although you may

consider that fact when you are evaluating a witness's credibility, I should tell you that there is nothing either unusual or improper about a witness meeting with lawyers before testifying so that the witness can be aware of the subjects he or she will be questioned about, focus on those subjects, and have the opportunity to review relevant exhibits before being questioned about them. Such consultation helps conserve your time and the Court's time. In fact, it would be unusual for a lawyer to call a witness without such consultation.

Again, the weight you give to the fact or the nature of the witness's preparation for his or her testimony [975] and what inferences you draw from such preparation are matters completely within your discretion.

We have, among the exhibits received in evidence, at least one document that has been redacted. "Redacted" means that part of the document was taken out. You are to concern yourselves only with the part of the item that has been admitted into evidence. You should not consider any possible reason why the other part of it has been deleted.

This is a civil case, and in this case the Plaintiff has the burden of proving the elements of their case to your satisfaction by a preponderance of the credible evidence. A preponderance of the evidence means such evidence as, when considered and compared to what is opposed to it, has more convincing force and

produces in your mind the belief that what is sought to be proved is, more likely than not, true.

It is often said that the evidence is to be weighed on scales, and if you find that the evidence on one—on any issue of fact weighs equally in favor of the plaintiffs [sic] and the Defendants, that is, that the scales are evenly balanced, then the Plaintiff has failed to satisfy its burden on that issue. However, if the scales tilt, however slightly, in favor of the Plaintiff, that would constitute a preponderance of the evidence, and the Plaintiff would have satisfied its legal burden.

[976] A preponderance of the evidence does not mean the greater number of witnesses, or the greater length of time taken, or the greater number of documents introduced by either side. It refers to the quality of the evidence as you regard it, the weight, the significance, and the effect it has on you.

In determining whether a fact has been proven by a preponderance of the evidence, you may, unless otherwise instructed, consider the testimony of all witnesses, regardless of who called them, and all exhibits received in evidence, and the stipulations, regardless of who produced them.

The preponderance of the evidence does not require so much proof as to produce an absolute certainty or proof beyond a reasonable doubt. The slight tipping of the scales is enough.

In this case the Plaintiff has to prove willfulness by clear and convincing evidence. I will explain the substance of the willfulness issue later. Now I would like to explain what the term “clear and convincing evidence” means.

The bathroom? Why don't you take a brief break, give us all a chance to stand up?

We will resume in a minute.

(Juror Number 6 not present in the courtroom)

[977] (Pause)

(Jury present in the courtroom)

THE COURT: In this case the Plaintiff has to prove willfulness by clear and convincing evidence. I will explain the substance of the willfulness issue later. Now I would like to explain what the term “clear and convincing evidence” means.

Clear and convincing evidence is a more exacting standard than proof by a preponderance of the evidence, where, with respect to proof by a preponderance of the evidence, you need believe only that a party's claim is more likely true than not true. On the other hand, clear and convincing proof is not as high a standard as the burden of proof applied in a criminal case, which is proof beyond a reasonable doubt.

Clear and convincing proof leaves no substantial doubt in your mind. It is proof that establishes in your mind, not only the proposition at issue—strike that.

It is proof that establishes in your mind not only the proposition at issue is probable, but also that it is highly probable. It is enough if the party with the burden of proof establishes his or her claim beyond any substantial doubt. He or she does not have to dispel every reasonable doubt. It is for you to decide what is a substantial doubt.

This is a patent case. The patent involved in this [978] case relates to deep fryers. During the trial, the parties have offered testimony to familiarize you with this technology.

The United States Patent and Trademark Office has granted a patent to Ernest Leiros for an invention relating to this technology. SEB S.A. is the owner of that patent, which is identified by the Patent Office by Number 4,995,312, which may be called “the ‘312 patent” or “the patent in suit.”

SEB is a holding company which has many subsidiaries. One of its subsidiaries is T-Fal Corporation, which sells deep fryers in the United States. Other subsidiaries manufacture the products.

Global-Tech also is a holding company which has many subsidiaries. One of its subsidiaries is Pentalpha Enterprises, which sold deep fryers. Other subsidiaries also sell deep fryers and another subsidiary manufactures the products.

On August 27th, 1999, SEB filed this action against Global-Tech, Pentalpha and Montgomery Ward, alleging that they infringed Plaintiff’s patent.

Since then, Montgomery Ward has gone out of business. As a result, Global-Tech and Pentalpha are the only Defendants remaining in this case.

A valid United States patent gives the owner the right to exclude others from making, using, offering to sell [979] or selling the patented invention within or importing the patented invention into the United States.

A company is said to be infringing on claims of a patent when they, without permission from the patent owner, make, use, import, offer to sell or sell the patented invention, as defined by the claims, within the United States before the term of the patent expires.

A patent owner that believes someone is infringing on his or her exclusive rights under a patent may bring a lawsuit to stop the alleged infringing acts and recover damages. The patent owner has the burden to prove infringement of the claims of the patent. The patent owner also has the burden to prove damages caused by that infringement, which are adequate to compensate for the infringement. I will tell you more about the way you may calculate damages in a few minutes.

A person sued for allegedly infringing a patent can deny infringement and can also defend by providing—I'm sorry. Let me start that sentence over.

A person sued for allegedly infringing a patent can deny infringement, and can also defend by

proving the asserted claims of the patent are invalid or unenforceable. In this case, Defendants do not challenge the validity or enforceability of the patent in suit.

In evaluating infringement, each claim is to be [980] evaluated independently. I will now briefly explain the parties' basic contentions in more detail.

In this case Plaintiff contends that Defendants have offered for sale, imported and sold in the United States deep fryers that infringe Claim 1 of the '312 patent. Plaintiff also contends that it has been injured by that infringement and is entitled to recover damages for that infringement.

Plaintiff has the burden of proving that the Defendants infringed the '312 patent by a preponderance of the evidence. That means that Plaintiff must show that it is more likely than not that the Defendants' deep fryers infringed the patent. In this case, Plaintiff contends that two versions of the Defendants' deep fryers infringed the '312 patent. Both versions have been distributed under various trademarks, including Sunbeam, Oster, Chef's Mark and Admiral.

There are two ways in which a patent claim can be directly infringed. First, a claim can be literally infringed. Second, a claim may be infringed under what is called the doctrine of equivalents, which I will address shortly.

Defendants deny that their deep fryers literally infringed the '312 patent. Defendants contend that they did not infringe the '312 patent because they did not make any [981] sales within the United States. Defendants also contend that they did not induce infringement of the '312 patent because they relied upon an opinion from their counsel that accused—that the accused deep fryers were not infringing.

To determine whether the Plaintiff can prevail against the Defendants on its claim for patent infringement, you may need to consider three distinct types of questions. First, whether any of the defendants' deep fryers infringed Plaintiff's patent. Second, whether the Defendants engaged in any act that constituted patent infringement. Third, whether Plaintiff is entitled to recover any damages.

In this case there are two corporate Defendants. The parties have stipulated and I instruct you that Global-Tech, Pentalpha, Pentalpha Hong Kong, and Wing Shing products are all liable for the other's acts.

Before we go further, let me define for you some terms you have heard throughout the trial.

You have heard several witnesses make reference to the claims in the '312 patent. Claims are the numbered sentences appearing at the end of the patent and which define the invention. The words of the claims define the scope of the patent owner's exclusive rights during the life of the patent.

Some witnesses have referenced the specification of the '312 patent. The specification is the information that [982] appears in the patent and concludes with one or more claims. The specification includes the written text, the claims, and the drawings. In the specification, the inventor sets forth a description telling what the invention is, how it works, and how to make and use it so as to enable others skilled in the art to do so—I'm sorry. Hold on a second. Let me read that sentence over again.

In the specification, the inventor sets forth a description telling what the invention is, how it works, and how to make and use it so as to enable others skilled in the art to do so and what the inventor believed at the time of filing to be the best way of making his or her invention.

Some witnesses have used the term "F.O.B." F.O.B. or free on board is a method of shipment whereby goods are delivered at a designated location, usually a transportation depot, at which legal title and thus the risk of loss passes from seller to buyer.

You have also heard witnesses make reference to individuals, quote, "ordinarily skilled in the art," close quote. That phrase "ordinarily skilled in the art" refers to the level of experience, education and/or training that those individuals who work in the area of the invention possess.

Before you decide whether the Defendants have infringed the claims of the Plaintiff's patent, you will have to understand the patent claims.

[983] The only patent claim involved here is Claim 1, which begins at Column 5, Line 9 of the Plaintiff's patent.

The claims are word pictures intended to define, in words, the boundaries of the invention described and illustrated in the patent. Only the claims of the patent can be infringed. Neither the written description, nor the drawings of a patent can be infringed. To prove patent infringement, Plaintiff need only establish by a preponderance of the evidence that Claim 1 is infringed.

To decide the question of infringement, you must first understand what the claims of the patent cover, that is, what they prevent anyone else from doing.

In this case Plaintiff and Defendants agree about the meaning of several parts of the claims. Plaintiff and Defendants do not agree about the meaning of other parts of the claims. It is my duty to interpret these contested words and groups of words for you.

I will now tell you the meaning of the following words and phrases in Claim 1. You must use these meanings in your deliberations concerning infringement. First, let me read what Claim 1 says.

Claim 1 of the '312 patent recites, "An electrical deep fryer comprising a metal pan having a wall, and an electrical heating resistor that heats said wall directly by conductive heating to a temperature higher than 150 degrees [984] Celsius, said pan being surrounded by a plastic skirt, wherein said skirt is of

plastic material which does not continuously withstand a temperature of 150 degrees Celsius, said skirt entirely surrounding the”—literal wall—I’m sorry. Let me state that again. “Said skirt entirely surrounding the lateral wall and the base of the pan and being separated from said wall and said base by an air space of sufficient width to limit the temperature of the skirt to a value which is compatible with the thermal resistance of the plastic material of the skirt, said skirt being completely free with respect to the pan with the exception of a ring which joins only the top edge of the skirt to the top edge of the pan and to which the latter is attached, said ring being of heat-insulating material which is continuously resistant to the temperature of the top edge of the pan.”

The claims of the ‘312 patent do not exclude all connections between the skirt and the metal panel.

The term “completely free” in Claim 1 means completely free from the thermal bridges between the pan and the skirt. It does not mean that the skirt is free from any other contacts with the pan. The ‘312 patent describes other points of contact between the skirt and the metal pan, such as a heating element, a thermostat and a stabilizing element at the bottom. These points of contact in the ‘312 patent do not create thermal bridges. Claim 1 of the ‘312 patent is [985] construed to cover a deep fryer with a thermally insulated stabilizing element at the bottom of the hot oil pan.

If you find that the defendants' deep fryers include all of the elements in Claim 1, the fact that defendants' deep fryers might include additional components would not avoid literal infringement of the claim.

I will now instruct you as to the rules you must follow when deciding whether the Plaintiff has proven that the Defendants infringed any of the claims of the '312 patent.

The patent law gives the owner of a valid patent the right to exclude others from making, using, offering for sale, importing or selling the patented invention during the term of the patent. The patent law provides that any person or businesses—strike that. Let me read that again.

The patent law provides that any person or business entity which, without the patent owner's permission, makes, uses, offers for sale or sells within the United States or imports into the United States any products that are covered by at least one claim of a patent before the patent expires, infringes the patent. Here, Plaintiff alleges that Defendants' products infringe Claim 1 of Plaintiff's U.S. Patent '312.

A patent may be infringed directly or indirectly. Direct infringement results if the accused deep fryer is [986] covered by at least one claim of the patent. Indirect infringement results if the Defendants induce another to infringe a patent.

In this case, Plaintiff asserts that Defendants have directly infringed the '312 patent. Defendants are liable for directly infringing Plaintiff's patent if you find that Plaintiff has proven by a preponderance of the evidence that the Defendants have made, used, offered to sell, or sold the invention defined in Claim 1 of the '312 patent.

An offer to sell in the United States occurs when negotiations in the United States can be construed as an offer to enter into a binding contract, including a price term. Any negotiations that occur outside of the United States are not relevant to the inquiry of what occurred in the United States.

In determining whether a sale occurred in the United States, you may consider a variety of factors. Among the factors you may consider is where the parties conclude their negotiations and agree to mutually acceptable terms including a price. You may consider where the products were shipped from and where the products were shipped to. You may also consider the F.O.B. terms.

The evidence in this case is that the goods were delivered F.O.B. Hong Kong or China. Simply because a product is delivered F.O.B. or free on board outside of the [987] United States, however, does not necessarily mean that a sale has not taken place inside of the United States.

A person can directly infringe a patent without knowing that what it is doing is an infringement of the patent. It may also infringe even though they

believe in good faith that what it is doing is not an infringement of any patent.

Plaintiff also asserts that Defendants have induced infringement. To show inducement, Plaintiff must prove by a preponderance of the evidence that someone has directly infringed the patent. If there is no direct infringement by anyone, Defendants have not induced infringement.

If you find that someone has directly infringed the '312 patent, it is not necessary to show that the Defendants themselves have directly infringed, if Plaintiff proves by a preponderance of the evidence that Defendants actively and knowingly aided and abetted that direct infringement. Plaintiff must show that the Defendants actually intended to cause the acts that constitute direct infringement and that the Defendants knew or should have known that their actions would induce actual infringement.

It is not necessary to show that Defendants have directly infringed as long as you can find that someone to whom the Defendants have sold deep fryers has directly infringed. If there is no direct infringement by anyone, [988] Defendants have not induced infringement. Defendants cannot be liable for inducing infringement if they had no reason to be aware of the existence of the '312 patent.

If you find that someone has directly infringed the '312 patent and that the Defendants knew or should have known that its actions would induce direct infringement, you may find that Defendants

induced another to infringe Plaintiff's patent by supplying the infringing deep fryers with the knowledge and intent that their customers, in this case, Sunbeam, Montgomery Ward and Fingerhut, would directly infringe by selling the deep fryers in the United States.

There are two ways in which a product can infringe a patent. First, a product can literally infringe a patent. Second, a product can infringe the patent under the doctrine of equivalents.

Defendants sold two kinds of deep fryers, the original deep fryer and the modified deep fryer. Plaintiffs claim—Plaintiff claims that the original deep fryer infringes literally. Plaintiff further claims that the modified deep fryer infringes under the doctrine of equivalents. Excuse me. Plaintiff admits that Defendants' modified deep fryer does not literally infringe Claim 1 of the Plaintiff's patent.

To determine whether there is literal infringement, you must compare Defendants' original deep fryer with Claim 1 [989] of Plaintiff's patent, using my instructions as to the meaning of Claim 1.

Defendants' deep fryers literally infringe Claim 1 of the Plaintiff's patent if and only if Defendants' deep fryers contain each and every element of Claim 1. If defendants' deep fryers do not contain one or more elements recited in Claim 1, then defendants' deep fryers do not literally infringe Claim 1.

Your comparison must focus only on Claim 1; it may not rely on descriptions of the invention contained in other parts of the patent, such as the specification or the drawings, or on the Plaintiff's commercial product.

You may find that Defendants' deep fryers infringe a claim of the Plaintiff's patent even if not every element of that claim is literally present in the Defendants' deep fryers. However, to do so, you must find that there is an equivalent component in the Defendants' deep fryers for each element of the patent claim that is not literally present in the Defendants' deep fryer. This is called infringement under the doctrine of equivalents.

The test you should apply in determining if there is an equivalent component is whether one of ordinary skill in the art would consider that a component of defendants' deep fryers performs substantially the same function, in substantially the same way, to produce substantially the same [990] result compared to the corresponding element in the Plaintiff's patent.

Exact identity of function, way and result is not required; substantial identity is sufficient.

The question of whether a component of defendants' deep fryer is equivalent to the corresponding element in Plaintiff's claims is to be determined based on the knowledge of one of ordinary skill in the art as of the time of the alleged infringement, not when the patent application was filed or when the patent was issued.

In deciding whether there is infringement under the doctrine of equivalents, each element contained in a patent claim is important. Therefore, the question is whether Defendants' deep fryers contained an equivalent for each element of the claim. The question is not whether Defendants' products overall are equivalent to Plaintiff's invention as a whole.

It is not necessarily—it is not necessary that any single component of the Defendants' deep fryers be equivalent to a particular element of the claimed invention. Two or more components of the Defendants' deep fryers may operate together to be an equivalent of a single element of the claimed invention. What is important is that there must be an equivalent for each element of the claim somewhere in the accused device.

[991] If you find that any element of Claim 1 of the patent is not present in the Defendants' deep fryers, either literally or equivalently, then Claim 1 is not infringed.

You should consider whether the substituted element represents a change that a person of ordinary skill in the art would have considered insubstantial at the time of the infringement. In determining whether the one or more components of the Defendants' deep fryers are equivalent to an element of the claimed invention, you should consider whether at the time of the infringement persons reasonably skilled in the art would have known of the

interchangeability of that component or those components with the element claimed in the patent claim.

Although the known interchangeability of the accused and claimed elements is not necessary in order to find infringement, known interchangeability is evidence that one of ordinary skill in the relevant art would have considered the change insubstantial.

It is important to note that there is nothing illegal about taking a patented product and redesigning it in a manner that avoids infringement of the patent.

When a potential infringer has actual notice of another patent's rights—strike that.

MR. DUNNEGAN: You misread that.

THE COURT: Let me start over again.

[992] When a potential infringer has actual notice of another's patent rights, he has an affirmative duty of due care not to infringe; that is, if you find by a preponderance of the evidence that Defendants infringed the Plaintiff's patent, either literally or under the doctrine of equivalents, then you must determine whether or not this infringement was willful.

Willfulness mist—sorry.

Willfulness must be proven by clear and convincing evidence showing that, one, Defendants had actual knowledge of the Plaintiff's patent, and, two, Defendants had no reasonable basis for believing, A,

that the deep fryers did not infringe Plaintiff's patent or, B, that the Plaintiff's patent was invalid.

In making the determination as to willfulness, you must consider the totality of the circumstances.

The totality of the circumstances comprises a number of factors, which include, but are not limited to, whether Defendants intentionally copied the product covered by Plaintiff's patent, whether the Defendants exercised due care to avoid infringing the patent, whether the Defendant relied on competent legal advice, and the Defendants' behavior as a party to the litigation.

Mere knowledge of the patent, coupled with the failure to obtain a legal opinion on the issue of [993] infringement, does not allow you, without more, to conclude that the Defendants willfully infringed the patent.

The mere fact that Defendants obtained an opinion of counsel does not necessarily dictate a finding that Defendants' infringement was not willful. What matters is the nature of that opinion and what effect it had on the Defendants' conduct. You may also consider whether the opinion addressed infringement of the claims at issue, and whether it came too late to be reasonably relied upon by the Defendants.

If you find that either version of the deep fryers sold by Defendants infringes Claim 1 of the patent in suit, you must determine the amount of damages to

be awarded Plaintiff for the infringement. The amount of those damages must be adequate to compensate Plaintiff for the infringement.

Your job in this case is to determine as a damage award what a reasonable royalty would have been. Once you determine what a reasonable royalty would have been, you must award the Plaintiff that reasonable royalty. You must consider the amount of injury suffered by the Plaintiff without regard to Defendants' gain or loss from the infringement.

Plaintiff has the burden of proving each element of its damages by a preponderance of the evidence. The fact [994] that I am instructing you as to a proper measure of damages should not be construed as intimating any view of the Court as to which party is entitled to prevail in this case. Instructions as to the measure of damages are given for your guidance in the event that you find the evidence in favor of the Plaintiff.

I will now explain how you should determine an appropriate damage award.

Getting close.

The date that Defendants first had notice of the patent is the date at which patent damages begin to be calculated. That date is in dispute here, and it is up to you to determine what that date is. Plaintiff has the burden of proof by a preponderance of the evidence the—I'm sorry. Strike that. Let me start again.

Plaintiff has the burden to prove by a preponderance of the evidence the date it gave notice. The date notice was given is the earliest of the date on which the Defendants became aware of the '312 patent, or the date on which Plaintiff communicated to Defendants a specific charge that the deep fryer infringed the '312 patent.

The date of notice may be inferred based upon marking of the patent number on substantially all of the deep fryer products it sold in the United States. If you find that Plaintiff did not mark substantially all of their deep [995] fryers with the patent number, the date Defendants had notice is July 10th, 1998, which is the date Defendants were added as parties to an action pending in the United States District Court against one of the Defendants' customers, Sunbeam Corp., involving the same patent.

I will now explain to you what a reasonable royalty is and how to calculate it.

The patent law specifically provides that the amount of damages that the Defendants must pay Plaintiff for infringing Plaintiff's patent may not be less than a reasonable royalty for the use that the Defendants made of Plaintiff's invention.

You must determine what a reasonable royalty would be for the infringing sales of these Defendants and their subsidiaries.

A royalty is a payment made to a patent owner in exchange for the right to make, use or sell the

claimed invention. A reasonable royalty is the royalty that would have resulted from a hypothetical negotiation between the Plaintiff and Defendants taking place at the time that the infringement began. You should also assume that both parties to the negotiation understood the patent to be valid and infringed by the products the licensee made, used or sold.

In determining the amount of a reasonable royalty, you may consider evidence on any of the following factors:

[996] Any royalties received by Plaintiff for the licensing of the Plaintiff's patent, providing—I'm sorry—proving or tending to prove an established royalty;

The rates paid by Defendants to license other patents comparable to the Plaintiff's patent;

Plaintiff's established policy and marketing program to maintain his right to exclude others from using the patented invention by not licensing others to use the invention, or by granting licenses under special conditions designed to preserve that exclusivity;

The commercial relationship between the Plaintiff and Defendants, such as whether or not they are competitors in the same territory, in the same line of business;

The effect of selling the patented product in promoting sales of other products of Defendants; the existing value of the invention to Plaintiff as a

generator of sales of his non-patented items, and the extent of such collateral sales;

The duration of the patent;

The established profitability of the product made under the patent, its commercial success, and its current popularity;

The utility and advantages of the patented invention over the old modes or devices, if any, that had been used for achieving similar results;

[997] The nature of the patented invention, the character of the commercial embodiment of it as owned and produced by Plaintiff, and the benefits to those who have used the invention;

The extent to which Defendants have made use of the invention, and any evidence that shows the value of that use;

The portion of the profit or of the selling price that may be customary in the particular business or in comparable businesses to allow for the use of the invention or analogous inventions;

The portion of the profit that arises from the patented invention itself as opposed to profit arising from features unrelated to the patented invention, such as the manufacturing process, business risks, or significant features or improvements added by the Defendants.

Although the relevant date for the hypothetical reasonable royalty negotiation is the date that the

infringement began, you may consider in your determination of reasonable royalty damages any actual profits by Defendants after that time and any commercial success of the patented invention in the form of sales of the patented or infringed product after that time. You may only consider this information, however, if it was foreseeable at the time the infringement began.

It is your duty as jurors to consult with one [998] another and to deliberate with a view to reaching an agreement. Each of you must decide the case for himself or herself, but you should do so only after a consideration of the case with your fellow jurors, and you should not hesitate to change your opinion when convinced that it is erroneous.

Your verdict must be unanimous, but you are not bound to surrender your honest convictions concerning the effect or weight of the evidence for the mere purpose of returning a verdict or solely because of the opinion of other jurors. Discuss and weigh your respective opinions dispassionately, without regard to sympathy, without regard to prejudice or favor for either party, and adopt that conclusion which in your good conscience appears to be in accordance with the truth.

Again, each of you must make your own decision about the proper outcome of this case based on your consideration of the evidence and your discussions with your fellow jurors. No juror should surrender his

or her conscientious beliefs solely for the purpose of returning a unanimous verdict.

You are about to go into the jury room and begin your deliberations. If during those deliberations you want to see any of the exhibits, they will be sent into the jury room upon your request. Actually, we are going to send in all of the exhibits for you.

[999] If you want any of the testimony read, that can be also done. But please remember that it is always not easy to locate what you might want, so be as specific as you possibly can in requesting exhibits or portions of testimony which you want read.

Your requests for testimony, in fact, any communication with the Court, should be made to me in writing, signed by the foreperson, and given to one of the marshals.

Mr. Skolnik, will you be acting as the marshal?

THE CLERK: Yes, sir.

THE COURT: Mr. Skolnik will be acting as the marshal for you today.

And I will respond to any questions or requests you have as promptly as possible, either in writing or by having you return to the courtroom so I can speak with you in person. In any event, do not tell me or anyone else how the jury stands on the issue of the Plaintiff's claims until after a verdict is reached.

We will also send in with you a special verdict form which will guide you in the questions that you

have to answer in your deliberations. I will give you a copy—a couple of copies of the charge that I have just read, in case there's any portion of it that you want to review. We will send in the exhibits.

[1000] And the lawyers and I will be here. If you have any questions for us, write them in a note and send them out; if there is any testimony that you wish to have read.

Alrighty. Let me ask counsel to come to side bar.

(At side bar)

THE COURT: Counsel, do you have any changes or corrections to the charge as I read it?

MR. DUNNEGAN: Your Honor, I believe before the break you said that you were going to give an instruction concerning Exhibit 37, and I don't think that was given.

THE COURT: Which one?

MR. DUNNEGAN: The one about the total sales of all the deep fryers.

THE COURT: I will do that. Anything else?

MR. ZIVIN: Nothing, sir.

MR. DUNNEGAN: I just want to make sure that we have preserved all of our previous objections that we have made concerning the definition of sale, offer to sell, induced infringement.

THE COURT: Those are all preserved on the record.

MR. DUNNEGAN: Yes. Thank you.

MR. ZIVIN: And everything else is preserved. Thank you, Your Honor.

THE COURT: Yes, it is. Let's go.

(In open court)

[1001] THE COURT: Two more notes I will make for you, and then we will send you off to deliberate.

One is, with respect to Plaintiff's Exhibit—I believe it is Number 37, which is a—which Mr. Zivin referred to in his summation, that's a document that includes the number of deep fryers sold by the Plaintiffs and the net sales for those deep fryers for a number of years. You should know that that exhibit contains numbers for all deep fryers sold by the Plaintiffs, not just the cool wall fryers or the fryers at issue in this case, first.

Second, with respect to an overhead that Mr. Zivin used in his summation, which included the numbers of sales by Sunbeam, Fingerhut and Montgomery Ward, that document is not in evidence, but the numbers that were on the overhead were in evidence before you. So you can't get that document, but those numbers were in the record before you, and obviously if you want us to find them for you, we can.

Okay. We are going to send you off to deliberate. If you have any questions or comments or concerns, you should send a note out signed by your foreperson to Mr. Skolnik, and we will address them as soon as possible.

You can bring your pads in to deliberations with you. I think I may have told you before, but let me just tell you briefly how they should be used. Each individual's pads are for their own—for refreshing their own [1002] recollection, so you are not to show what you have written to anyone else or to tell them what you have written as a way to convince them that your recollection of the facts is stronger or more accurate than theirs. You can use it to refresh your own recollection as to the testimony that you have heard, and, again, if you need testimony read, be as specific as possible and we will get you out here to read it.

I don't mean to discourage you from doing that at all, other than to say it's not as quick a process as sometimes it might seem, so there will be a delay between when you make such a request and for us to find that testimony, but if you want any testimony read back, please feel free.

All right. Great. You may now begin to discuss the case and deliberate.

THE CLERK: Jurors, you can take everything with you and follow me into the jury room.

We are taking everything, right, Judge?

THE COURT: You can take everything back.

(Jury not present in the courtroom at 2:39 p.m.)

(Jury present in the courtroom at 2:40 p.m.)

THE COURT: Did you miss me?

JUROR #4: We don't have a verdict yet.

THE COURT: Ladies and gentlemen, there is one thing I forgot to tell you about your deliberations. Your [1003] deliberations must be conducted with all of you in the room together. If any of you has to leave for any reason, to go to the bathroom, to make a phone call, to smoke a cigarette, whatever it may be, all deliberations and discussions about the case must stop until that juror is back in the room with all of you. So that any discussion about the case must be had with all eight of you together. Okay?

That was it. Sorry about that. You are now done.

* * *

UNITED STATES DISTRICT COURT
SOUTHER [sic] DISTRICT OF NEW YORK

----- X
 SEB, S.A., :
 Plaintiff, :
 : v. :
 MONTGOMERY WARD & CO., : 99 Civ. 9284 (SCR)
 INC., GLOBAL-TECH APPLI- :
 ANCES, INC. and PENTALPHA :
 ENTERPRISES LTD., :
 Defendants. :
 ----- X

SPECIAL VERDICT FORM

1. Did the plaintiff show by a preponderance of the evidence that the first version of defendants' deep fryer literally infringed Claim 1 of the '312 patent?

YES NO

Proceed to Question 2.

2. Did the plaintiff show by a preponderance of the evidence that the modified version of the deep fryer infringed Claim 1 of the '312 patent under the doctrine of equivalents?

YES NO

Proceed to Question 3.

3. Did the plaintiff show by a preponderance of the evidence that the defendants have induced another to infringe plaintiff's patent with the first version of defendants' deep fryer?

YES NO

Proceed to Question 4.

4. Did the plaintiff show by a preponderance of the evidence that the defendants have induced another to infringe plaintiff's patent with the modified version of defendants' deep fryer?

YES NO

If you answered "NO" to Questions 1, 2, 3, and 4, then skip Questions 5-7 and have the foreperson sign and date the verdict form. If you answered "YES" to Questions 1 and/or 3, proceed to Question 5. If you answered "YES" to Questions 2 and/or 4, proceed to Question 6.

5. Did the plaintiff show by clear and convincing evidence that the defendants willfully infringed Claim 1 of the '312 patent by the first version of the defendants' deep fryer?

YES NO

Proceed to Question 7.

6. Did the plaintiff show by clear and convincing evidence that the defendants willfully infringed Claim 1 of the '312 patent by the modified version of the defendants' deep fryer?

YES NO

Proceed to Question 7.

7. What amount of damages in the form of a reasonable royalty do you find the plaintiff to have proven by a preponderance of the evidence with respect to deep fryers sold by Sunbeam, Fingerhut, and Montgomery Ward?

\$ 3,600,000 (Sunbeam)

\$ 540,000 (Fingerhut)

\$ 510,000 (Montgomery Ward)

Please have the foreperson sign and date the verdict form.

/s/ Neil R. Hall 4/21/06
FOREPERSON DATE

UNITED STATES DISTRICT COURT
SOUTHERN DISTRICT OF NEW YORK

----- x

SEB, S.A.,

Plaintiff,

v.

99 CIV. 9284 (SCR)

MONTGOMERY WARD & CO., INC.,
GLOBAL-TECH APPLIANCES, INC., and
PENTALPHA ENTERPRISES, LTD.,

Defendants.

----- x

U.S. Courthouse
White Plains, N. Y.
April 17-21, 2006

Jury Trial Before: HON. STEPHEN C. ROBINSON,
U.S. District Judge

* * *

OPENING STATEMENT OF MR. WILLIAM
DUNNEGAN

[101] Now, let's go over those in a little bit more detail. Sales. Pentalpha didn't sell any deep fryers in the United States, because all these sales were consummated over in Hong Kong. Pentalpha sold the deep fryers in Asia under a term called F.O.B. That means free on board, a ship, in a port somewhere in the world, and the port in this case was either Hong Kong or one in China.

* * *

DIRECT EXAMINATION OF MR. GREGERS
INFELD BY MR. NORMAN ZIVIN

[108] Q What is the general nature of SEB's business?

A SEB is a specialist in the appliance area and domestic cookware.

Q What kinds of appliances does it make?

[109] A It makes most small kitchen appliances, so, things you would find normally in the kitchen at home, deep fat fryers, mixers, toasters, and steam irons, and then on the other side there will be cookware, which would be mainly nonstick cookware.

Q What are the brands that it uses for sales in the United States market?

A Well, in the appliance field, it's Krups, it's Rowenta, T-Fal, and for cookware, it is T-Fal and now also All-Clad.

Q Does the Groupe SEB manufacture products?

A Yeah. Most of the manufacturing in Groupe SEB takes place in France, so there is a very large workforce in France.

There is also manufacturing in the U.S., quite a bit of manufacturing in the U.S., and a small bit of manufacturing in China.

Q At the time that you were the CEO of North America, was there any manufacturing in the other countries in the group other than in the United States?

A Yes. There was manufacturing in Mexico, United States and France.

* * *

[111] Q Were there any advantages of the cool wall fryers over other fryers that may have been on the market at that time?

A Yes. I mean clearly they—this was an innovation. They were safe as opposed to unsafe.

Q Why do you say they were safe as opposed to unsafe?

A I mean they—first of all, as you explained, you could touch them and you wouldn't be burned. The oil wouldn't spill even if the fryer tipped over, so you could actually make fries now in a safe way at home.

[112] Q What kinds of products were around in the market before the cool wall fryer was introduced?

MR. DUNNEGAN: Objection.

THE COURT: Overruled. You can answer.

A It was just open pots which were metallic, and they got extremely hot, and they were very dangerous, and a lot of accidents happened.

Q What companies made those kinds of pots that you just referred to?

A Presto.

Q Now, when you arrived in the United States in 1998, where was T-Fal getting the fryers from?

A We were manufacturing the fryers in Mexico. The fryers had originally been made in France. All of the research and development and the manufacturing for North America took place in Mexico.

Q And the T-Fal—was T-Fal selling those deep fryers in the U.S. market in 1998?

A They were.

Q Who, who were some of the customers that you had at that time?

A Well, we had a wide range of customers, because this was a new product, so we were selling them in the specialty stores, Bed Bath & Beyond, Linens 'n Things, Fingerhut, Target. We had a certain level of sales in Wal-Mart's. It [113] was a broad, broad distribution.

Q Were there any geographic areas of the United States where you weren't selling the deep fryers at that time?

A No. We sold them everywhere.

Q At the—at that time, did the company have the manufacturing capability to make more deep fryers?

A Yes. There was very large capacity in Mexico, because we had foreseen this to be a very growing segment of the market.

Q And at that time, did you have the marketing capability of selling deep fryers to other customers?

A Yes.

Q Were your sales growing or declining at the time that you joined the U.S. operation in 1998?

MR. DUNNEGAN: Objection.

THE COURT: The sales with respect to what?

MR. ZIVIN: Sales of deep fryers, Your Honor.

THE COURT: Okay. You may answer.

A Yes. They had been growing over the past few years.

Q At that time, were the sales profitable?

A Yes.

* * *

[115] Q When you arrived in the United States to head T-Fal in 1998, was there any other competing cool wall deep fryer on the market?

A No. This was really an innovation which we had come up [116] with. This, this was an opportunity to penetrate a very big market, which is very difficult to get to unless you either have an innovation or a very low price. And SEB, with its workforce across Europe and North America, has a higher cost price, so

it has to base all its activity on innovation and producing quality products.

* * *

[121] Q Now, I believe you mentioned a little while ago that T-Fal sold some fryers to Wal-Mart; is that correct?

A That's correct.

Q And did T-Fal continue to sell fryers to Wal-Mart during the time that you were president of T-Fal?

A No. We sold for a period of time, and then, at a certain stage, they, they stopped selling our fryer.

[122] Q Do you have occasion or did you have occasion at that time to visit Wal-Mart's stores from time to time?

A I did.

Q And did you see any other brands of cool wall deep fryers there instead of your T-Fal deep fryers?

THE COURT: Tell us—if the answer to that is yes, tell us when these visits occurred.

A I cannot recollect the exact date, because I would walk into Wal-Mart on a regular basis, several times a month. We had a lot of different products that we had in Wal-Mart, so I would walk in, have a look, how they were laid out, what the pricing was, how our competition was doing.

And we had fryers in there for a period of time, and at a certain time Sunbeam took over the position we had in Wal-Mart.

THE COURT: And tell me when, when your visits were, and when you noticed that Sunbeam took over. I am not asking you for an exact date, but it was sometime in '91, '92, '93, 2001.

THE WITNESS: No. This was in—we're talking about '99 or 2000. I cannot recollect the exact dates.

THE COURT: Okay.

THE WITNESS: But it's about that time.

* * *

[125] Q During the period of time that you were with SEB, did they have any policy regarding licensing of patents?

A No. Because of the nature of SEB's manufacturing in Europe and North America, they never really licensed any of their patents to anybody. It was to keep their own plants going.

Q Just so the answer to that question is clear, I asked you if there was any policy. I believe you said no.

A No.

Q There was no policy?

A No. There was a decision, there was a clear decision never to license anything.

THE COURT: So there was a policy. The policy was you didn't license it.

THE WITNESS: Exactly.

THE COURT: Okay. Now it's clear.

THE WITNESS: Exactly.

* * *

[126] Q All right. So after you began to see the Sunbeam products on the market, what did you do with respect to T-Fal's prices, pricing for the deep fryers?

A Well, the Sunbeam products were undercutting the T-Fal products and that meant that we had to respond. We lost listings, which were basically the replacement in some of their stores, and we tried to give incentives to distribution to still continue with our product.

MR. DUNNEGAN: Objection. Move to strike as nonresponsive.

THE COURT: I am going to allow that answer. Go ahead.

Q How did you become responsive?

A Well, we were confronted with buyers telling us that there was a cheaper product, which did the same thing as ours, and that we would have to lower

our prices and give better terms in order to maintain or get the business.

* * *

DIRECT EXAMINATION OF MR. XAVIER
SABOURIN BY MR. NORMAN ZIVIN

[181] Q What were some of the customers that you dealt with when you were in the United States in terms of the cool wall deep fryers?

A Many customers. You want me to give you some names?

Q Yes, give me some of the names.

MR. DUNNEGAN: Your Honor, objection, 402.

THE COURT: I am going to allow it, at least, at this point. Go ahead.

[182] Q You may answer.

A We were selling everything with a TV shopping channel, QVC. We were dealing with many different stores in the chains, like *Bonton, like *Dillard's, like many company and so on. We were also dealing with national chains, like Sears, like J.C. Penney and so on; with mass national merchandisers also, Target, K-Mart, Wal-Mart, and so on.

* * *

[200] Q All right. We mentioned Sunbeam a while ago. Did SEB [201] take any action against Sunbeam as a result of their sale of deep fryers?

A Yes.

Q What action did you take?

A We sued them.

Q And what was the outcome of, of that suit?
What happened?

A We were able to, to agree—what you call that—a gentlemen's agreement or something like this.

Q Was there a written agreement?

A Yes.

* * *

DIRECT EXAMINATION OF MR. JOHN SHAM BY
MR. NORMAN ZIVIN

[268] Q Did you sell to Sunbeam fryers that had both the Sunbeam [269] and Oster trademarks?

A Yes.

* * *

[272] Q Now, when you made the products in the factory, did they [273] have the electrical connections that are shown on Exhibits 30-A and 30-B?

A Yes.

Q You can take a look at the electrical connections. Are those electrical connections for the U.S. market?

A North America, I will say.

Q Because they have a plug that fits into outlets in American and Canadian homes; is that right?

A This cord also say, yes, Canada.

Q Those wouldn't fit into the electrical outlets in Europe or Asia, would they?

A Not in Asia, but also maybe some part of other countries.

Q Okay. And how many, how many volts are the units of Exhibits 30-A and 30-B?

A I do not get your question. How many what?

Q Volts. What is the voltage of the electrical connections?

A The voltage is 120, I guess. 120 AC.

Q And 120 volts AC is the standard electrical voltage in North America; is that right?

A Based on my knowledge, yes.

Q For example, what is it in Hong Kong?

A In Hong Kong, it's 220 to 240.

Q So, these units wouldn't work in Hong Kong; is that [274] correct?

A Not if you plug directly. You use adapter, of course.

Q You would need a transformer or something; is that right?

A Yes.

* * *

[283] Q Does your company obtain a lot of patents?

A We obtain—when you say “a lot of,” you know, compared to what number? Compared to my competitors in Hong Kong, China, we are leading in that field. If you compare it to people who pay huge company, they have a lot of people, and they obtain more patents than us.

* * *

[306] Q Isn't it true, Mr. Sham, that at the time in the late [307] 1990's, there was no income tax in China where your Dongguan Wing Shing factory was located, because you had a tax holiday of some sort?

A What years you're talking about?

Q The late 1990's.

A Late 1990's, I can't remember, but we started in '94, '95, and they have three years tax-free privileges, exemption, and I don't know if after '97, we—you know, that will be the case.

Q And at that time, the tax rate in Hong Kong was 15 percent on the income, right?

A 15 or 16. I can't remember.

* * *

[316] Q Now, did your company Dongguan Wing Shing make that product for Montgomery Ward?

A Yes.

Q And was it sold to Montgomery Ward by Pentalpha Enterprises?

A Yes.

Q Now, that unit has on it the trademark "Admiral"; is that correct?

A Yes.

Q When the product was manufactured, did it say "Admiral"?

A The product—I'm sorry.

Q Did you put the trademark "Admiral" on the product when you made it?

A Yes.

Q And you packaged it for Montgomery Ward's, and the packaging had said "Admiral"; is that correct?

A Yes.

Q And you supplied instruction manuals that came with the [317] product, in English; is that correct?

A Yes.

* * *

[329] Q I show you Exhibit 32, Mr. Sham. Can you tell us what that is?

A Well, this looks like a product under Chef's name, made by our company.

Q It looks like or it is?

A It's our tooling, our design.

Q Okay. And is that a product that your company sold to Fingerhut?

A I believe so.

* * *

CROSS-EXAMINATION OF MR. JOHN SHAM BY
MR. WILLIAM DUNNEGAN

[358] Q After you had started making the tooling for the product, what did you do next in terms of the development of the deep fryer?

A Well, we definitely would need to have our patent attorney that do us the analysis and search and give us opinion if our product will be any—will have any infringement.

Q Mr. Sham, I would like to show you Exhibit C. What is Exhibit C, Mr. Sham?

A Exhibit C is the opinion that rendered from Mark Levy at that time, who was our patent attorney, about the deep fryer, back in August of 1997.

* * *

REDIRECT EXAMINATION OF MR. JOHN SHAM
BY MR. NORMAN ZIVIN

[409] Q Sir, let me ask the question again. Is it your position in this case that your companies are not liable to SEB for patent infringement because you put "F.O.B. Hong Kong" or "China" on your invoices to American customers?

MR. DUNNEGAN: Objection.

THE COURT: Overruled.

A Yes.

Q Thank you.

* * *

[417] Q So you relied on an opinion which didn't say anything about the SEB patent for your understanding that you didn't infringe the SEB patent?

A At that time, how can we know?

Q I didn't ask you—

A It would depend on his opinion, to give us the opinion that our deep fryer will not infringe anybody else in the United States.

* * *

DIRECT EXAMINATION OF MR. CHARLES VAN HORN BY MS. WENDY MILLER

[482] Q And with respect to all these parts of the '312 patent, can you tell us what the invention is about?

A The invention is about a, a deep fryer, electrical deep fryer. It is fairly straightforward. It, it comprises a, a pan that's sort of the central, the central pan there that's going to be heated in, in—when it's used, it will include, for example, hot oil, when you heat up the hot oil. I don't know whether you can see it or not, but that numeral sort of at the bottom left-hand corner, 2, is the electrical heating element, so you energize that element and the pan heats up.

The other significant part of this particular device is the shell, or skirt. This is the outside casing, and it prevents—it creates a barrier between the hot pan and, and the user, so they don't come in contact. And as you can see, it creates sort of a gap between the pan and the wall, this air space between them, which has a certain [483] function in the context of, of this particular device.

And this, for example, is—shows you the inner section of the pan, which is illustrated by the numbers. It looks something like this. On the right-hand side, that's the hot pan, and then the left-hand side, that—it just tells me Element Number 3 is this wall, the wall that's going to feel cool to the user, so they're not going to come in contact with the, with the hot pan.

And then, the support between the skirt, or the outside wall, and the pan is that Element 5. It's a, a ring member, in this particular device, that provides a support for the pan, and a connection between the pan and the outside wall.

The significance of that particular member that bridges those two elements is that it is made of a material that's not going to melt or deform when it is in contact with this hot pan, whereas the outside wall is made of a, a lower melting point material, that's also cheaper. And that can be used to again prevent the physical contact with this hot pan.

* * *

REVISED STIPULATED FACTS READ INTO THE
RECORD BY MR. NORMAN ZIVIN

[618] MR. ZIVIN: I will read the revised stipulated facts, including the prelude.

“The parties to this action hereby stipulate to the following facts 1-10 in this case.

“The parties stipulate to the truth of facts 11-13, although defendants do not stipulate to the admissibility of those facts.

“1. SEB S.A., SEB, is a French company.

“2. T-Fal Corporation is an indirect subsidiary of SEB with its principal place of business in West Orange, New Jersey.

[619] “3. SEB obtained U.S. Patent Number 4995312, which issued on February 26th of 1991.

“4. The 312 patent was assigned to SEB.

“5. Global-Tech is a British Virgin Islands corporation with its principal place of business in Hong Kong. Global-Tech was organized as and was formerly known as Wing Shing International, Limited. Global-Tech is traded on the New York Stock Exchange. This Court has jurisdiction over Global-Tech.

“6. Pentalpha is a Hong Kong corporation with its principal place of business in Hong Kong. Pentalpha is a wholly-owned subsidiary of Global-Tech. This Court has jurisdiction over Pentalpha.

“7. Montgomery Ward went into bankruptcy and no longer exists.

“8. Global-Tech owns—wholly-owned several—I’m sorry. Let me start over.

“8. Global-Tech wholly owns several subsidiaries, including: One, Global-Tech U.S.A., Inc. “Global-Tech U.S.A.”; two, Pentalpha Enterprises, Limited, “Pentalpha;” three, Pentalpha Hong Kong, Limited, “Pentalpha Hong Kong;” four, Wing Shing Products BVI Company, Limited, “Wing Shing.”

“Number 9. John Sham is the President of each company except Global-Tech U.S.A. Global-Tech U.S.A. is located in New York City and Brian Yuen is its president.

[620] “10. Defendants began selling the original deep fryer to Sunbeam in August of 1997. This deep fryer was sold under Sunbeam’s trademarks Oster and Sunbeam.

“Number 11. In March 1998, SEB brought a lawsuit against Sunbeam in the United States District Court for the District of New Jersey, alleging that Sunbeam’s sale of the original deep fryer infringed SEB’s patent in suit.

“Number 12, a document attached as Exhibit A is an authentic copy of an agreement entered into between SEB and Sunbeam on or about July of 1999,” and Exhibit A is trial Exhibit 26.

MR. DUNNEGAN: It is 26.

MR. ZIVIN: Twenty-six.

“Number 13. The Court in the Florida action entered summary judgment in favor of Sunbeam on its claim for indemnity for the \$2 million payment made to SEB.

“14. Defendants sold approximately 312,736 deep fryers to Sunbeam Products, Inc.. [sic]

“15. Defendants sold approximately 46,418 deep fryers to Montgomery Ward.

“Number 16. Defendants sold approximately 47,604 deep fryers to Fingerhut.”

* * *

ARGUMENT TO THE COURT BY MR. WILLIAM
DUNNEGAN

[723] THE COURT: Yeah, but—okay. And that means that the jury could believe it or not. Look, you want me to create the argument for you? Here is the argument. There [724] are a zillion patent attorneys in New York City, where they work, too. They go to this guy in the middle of nowhere to do this patent search.

MR. DUNNEGAN: It’s near Cornell.

THE COURT: And I spent eight years there. The middle of nowhere. Love it. Very happy. Undergrad. Law school. Met my wife there. Married my wife there. Love the place. Go there two or three times a year. Love the place.

Nonetheless, one could argue—I’m just saying it’s a reasonable argument. I don’t know what happened.

I'm not in Mr. Sham's head. I don't know what he did. And fortunately, I'm not on the jury. I don't have to decide these issues. But it's a reasonable argument to say he intended to cover himself, he intended for the search to fail.

* * *

SUMMATION OF MR. NORMAN ZIVIN

[942] Mr. Sham's credibility as a witness is particularly important when it comes to his testimony regarding the number of units sold, and I'll tell you why that's important.

He testified in the Sunbeam trial, under oath, before a jury and a court in Florida, and we read this into the record, that Pentalpha sold 189,000 deep fryers to Sunbeam. It wasn't until March 30th, I believe, of this year, where he signed a statement in this case admitting that they sold 312,000 units.

I asked him on cross-examination whether, in fact, there were more. He denied it. My question is not evidence, as the Judge will tell you, as I think he's told you a number [943] of times. Mr. Sham denied it. He said there wasn't more. But when you look at the difference between his sworn testimony in the Sunbeam trial, which we read to you—

MR. DUNNEGAN: Objection, Your Honor.

THE COURT: What is the basis? I don't understand.

MR. DUNNEGAN: There is a stipulation as to the fact, and Mr. Zivin is trying to argue contrary to the stipulation.

MR. ZIVIN: Oh. No, I'm not, Your Honor.

THE COURT: I don't think he has yet, but I will keep that in mind.

Go ahead, Mr. Zivin.

MR. ZIVIN: When you look at the difference between his testimony in that case under oath and his testimony in this case under oath, I think you can find that Mr. Sham is not a credible witness.

* * *

United States [11] **Patent Number** **4,995,312**
Patent [19]

Leiros [45] **Date of Patent:** **Feb. 26, 1991**

[54] **COOKING APPLIANCE WITH ELECTRIC HEATING**

[75] Inventor: **Ernest Leiros**, Dijon, France

[73] Assignee: **SEB S.A.**, Selongey, France

[21] Appl. No.: **574,529**

[22] Filed: **Aug. 28, 1990**

Related U.S. Application Data

[63] Continuation of Ser. No. 488,504, Mar. 5, 1990, abandoned, which is a continuation of Ser. No. 191,864, May 9, 1988, abandoned.

[30] **Foreign Application Priority Data**

May 13, 1987 [FR] France.....87 06728

[51] **Int. Cl.**⁵ **A47J 37/12**

[52] **U.S. Cl.**..... **99/411; 99/403;**
99/413; 219/436; 219/439

[58] **Field of Search**..... 99/403, 410, 411, 412, 99/413,
414-418; 126/381; 219/429, 436, 438, 439, 441

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Agent, or Firm—Young & Thompson*

[57]

ABSTRACT

A plastic skirt (3) surrounding a metal pan (1) is employed for external heat-insulation of electrically-heated cooking appliances and in particular deep fryers. The skirt (3) is of plastic material which does not continuously withstand the temperature of the pan wall (1a, 1b) and is separated from this wall by an air space (4) of sufficient width to limit the temperature of the skirt (3). The skirt is completely free with respect to the pan (1) with the exception of a ring (5) which joins the top edge (3a) of the skirt to the top

edge (1c) of the pan and to which this latter is attached. The ring (5) is of heat-insulating material which affords continuous resistance to the temperature of the top edge (1c) of the pan (1).

13 Claims, 2 Drawing Sheets

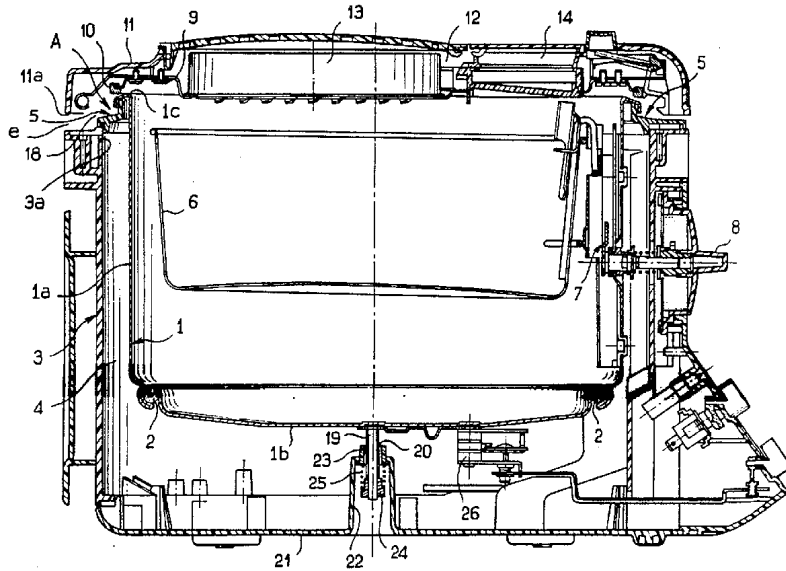


FIG. 1

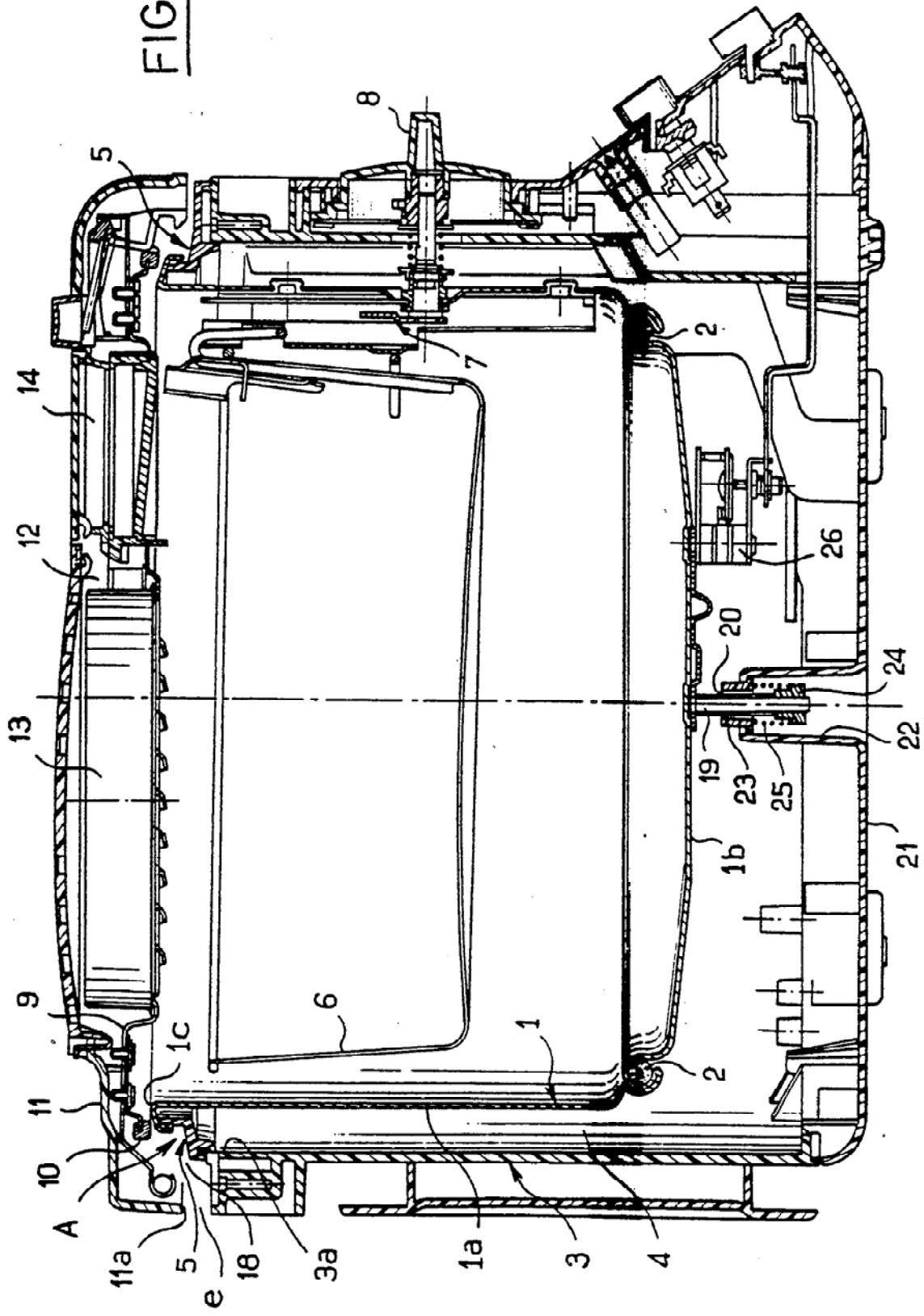


FIG. 3

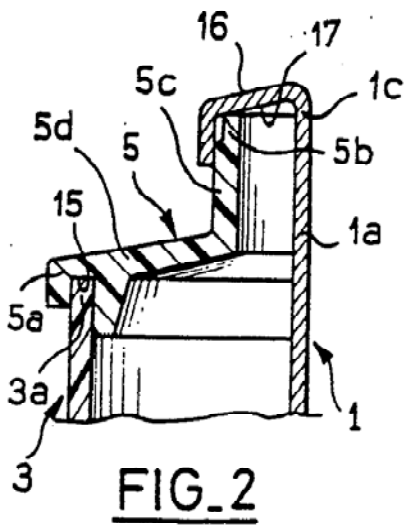
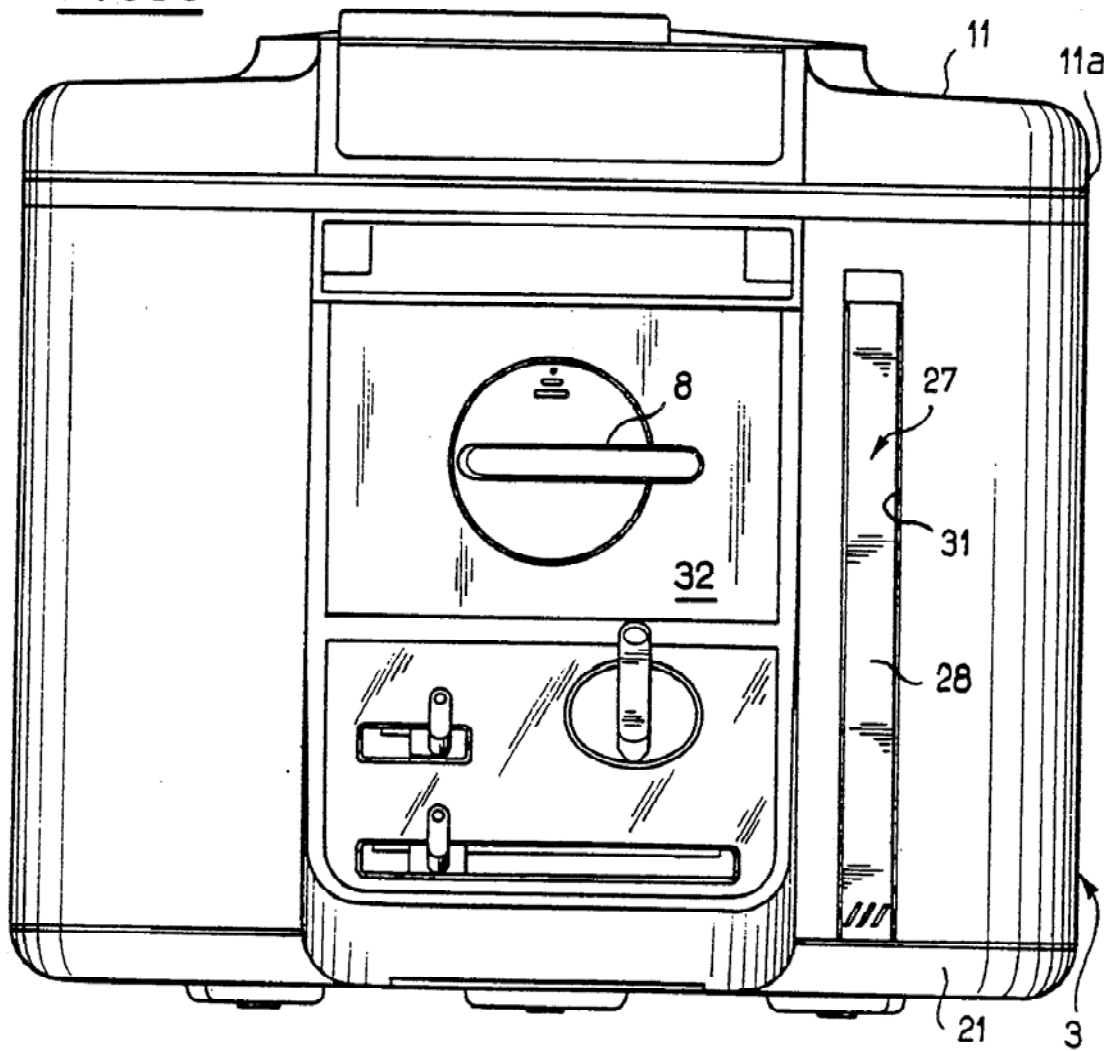


FIG. 2

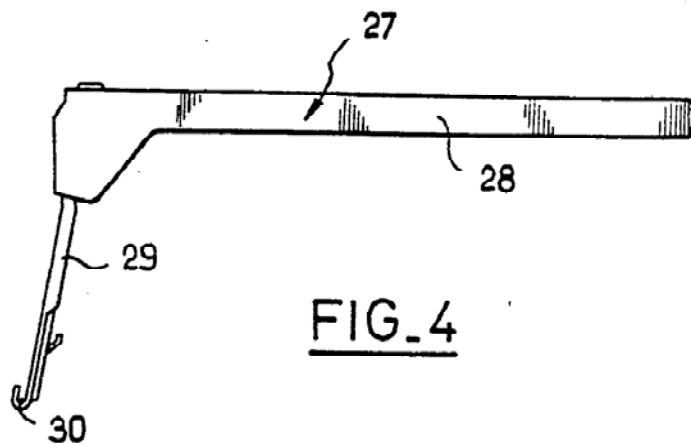


FIG. 4

**[1] COOKING APPLIANCE
WITH ELECTRIC HEATING**

This application is a continuation, of application Ser. No. 488,504, filed Mar. 5, 1990, abandoned, which is a continuation, of application Ser. No. 191,864, filed May 9, 1988, abandoned.

BACKGROUND OF THE INVENTION

1. Field of the Invention

The present invention relates to a cooking appliance provided with a plastic skirt, a metal pan and an electric heating resistor.

The invention applies in particular to deep fryers.

2. Description of the Prior Art

In the majority of known electric fryers, the pan of metal such as aluminum is directly exposed to the surrounding air, which is attended by the following disadvantages:

at the time of operation of the fryer, the pan easily attains a temperature equal to 150° C., with the result that users are liable to burn themselves in contact with said pan,

in view of the fact that the pan is directly exposed to the surrounding air, heat losses are substantial, which is detrimental to thermal efficiency and consequently increases power consumption,

the bare metal of the pan is not conducive to a particularly attractive appearance.

A few attempts have been made to overcome the disadvantages mentioned above.

In order to improve the appearance of the appliance and to reduce the external temperature, consideration has already been given to the possibility of surrounding the pan with an enameled metal skirt.

A further attempt has consisted in surrounding the pan with a plastic skirt. However, the attachment of the metal pan within the plastic skirt is such that numerous thermal bridges exist between said pan and said skirt. By reason of these numerous thermal bridges, the skirt is necessarily formed of plastic material which is capable of continuously withstanding temperatures higher than 150° C., such as the polyamides and the polyesters. These plastics have the major disadvantage of being very costly, with the result that they are incompatible with large-scale manufacture of low-priced fryers.

The object of the present invention is to produce a cooking appliance such as a low-priced deep fryer while effectively guarding users against any danger of burning and at the same time preventing heat losses to the exterior.

SUMMARY OF THE INVENTION

In accordance with the invention, the cooking appliance comprising a metal pan and an electric

heating resistor, said pan being surrounded by a plastic skirt, is distinguished by the fact that said skirt is of plastic material which does not continuously withstand the temperature of the pan wall. Said skirt entirely surrounds the lateral wall and the base of the pan and is separated from these latter by an air space of sufficient width to limit the temperature of the skirt to a value which is compatible with the thermal resistance of the plastic material of the skirt. Said skirt is completely free with respect to the pan, with the exception of a ring which joins the top edge of the skirt to the top edge of the pan and to which this latter is attached, said ring being of [2] heat-insulating material which is continuously resistant to the temperature of the top edge of the pan.

Thus the pan is attached to the interior of the skirt in such a manner as to ensure that the only contact between said skirt and said pan is located at the level of the ring. However, by reason of the fact that the ring is of heat-resistant insulating material, the skirt is not liable to be heated to an excessive temperature.

Thus the skirt can be formed of lower-grade plastic material such as polypropylene which does not continuously withstand a temperature higher than 80° C.

In view of the fact that only the ring is of noble material, the cooking appliance equipped with its outer skirt is inexpensive to produce.

Moreover, by virtue of the substantial air space located between the pan and the plastic skirt, loss of heat to the exterior is very low, thus making the cooking appliance particularly economical to use.

In addition, users are not liable to burn themselves when touching the appliance since the temperature of the skirt does not attain an excessive value. Thus the fryer can be touched at any time, either in order to move it during operation or immediately after the heating has been switched-off.

Moreover, the plastic skirt can be molded in any desired shape which is pleasing to the eye, thus making the appliance particularly attractive.

In an advantageous embodiment of the invention, the lid of the appliance is formed by a metal plate which is intended to cover the top edge of the pan in a substantially fluid-tight manner, the plate being covered by a lid of plastic material of the same nature as that of the skirt, said lid being separated from the metal plate by an air space, the connections between said plate and said lid being located solely at different points.

Thus the lid itself is maintained at a low temperature and is not liable to burn the user. Both the lid and the skirt can be made of inexpensive plastic material.

In a preferred embodiment of the invention, the ring of heat-insulating material is provided with an annular groove in the edge adjacent to the top edge of

the plastic skirt. Said annular groove is engaged on the top edge of the skirt, the top edge of the pan being provided with an annular flange which is bent back so as to define a downwardly open channel which is engaged on the adjacent edge of the ring.

Thus the pan is suspended from said ring which is in turn engaged on the top edge of the skirt, thus ensuring that the pan is reliably attached within the skirt without any thermal bridge other than the very narrow contacts between the edges of the pan, of the ring and of the skirt.

BRIEF DESCRIPTION OF THE DRAWINGS

FIG. 1 is a longitudinal sectional view of a deep fryer in accordance with the invention.

FIG. 2 is a view to a larger scale showing the detail A of FIG. 1.

FIG. 3 is a view in elevation of the fryer.

FIG. 4 is a plan view of a holder for handling the frying basket of the fryer.

DETAILED DESCRIPTION OF THE INVENTION

In the embodiment of FIG. 1, the deep fryer essentially comprises an oil pan **1** of metal and an electric heating resistor **2**. Said pan **1** is surrounded by a skirt **3** of plastic material such as polypropylene which does [**3**] not continuously withstand the temperature of the wall of the pan **1**.

Within the pan **1** is housed a frying basket **6** which can be lifted or lowered by means of a device **7** operated from the exterior by a rotatable knob **8** (as also shown in FIG. **3**).

The skirt **3** completely surrounds the lateral wall **1a** and the base **1b** of the pan **1** and is separated from these latter by an air space **4** of sufficient width to limit the temperature of the skirt **3** to a value (for example less than 80° C.) which is compatible with the thermal resistance of the plastic material of the skirt **3**. Moreover, said skirt **3** is completely free with respect to the pan **1** except for a ring **5** which joins the top edge **3a** of the skirt **3** to the top edge **1c** of the pan and from which this latter is suspended. Said ring **5** is of heat-insulating material which is continuously resistant to the temperature of the top edge **1c** of the pan **1**. By way of example, said ring **5** can be of polyamide or of polyester.

The lid of the fryer is formed by a disk-shaped metal plate **9** which covers the top edge **1c** of the pan **1** in a substantially fluid-tight manner by means of an annular seal **10**. Said plate **9** is covered by a lid **11** of plastic material of the same nature as that of the skirt **3**. Said lid **11** is separated from the metal plate **9** by an air space **12**. The connections between said plate **9** and the lid **11** are solely at different points.

Between the metal plate **9** and the lid **11** is disposed a deodorizing filter **13**. In proximity to this filter **13** is located an inspection window **14** for supervision of the frying operation.

In the embodiment shown in the drawings, the ring **5** of heat-insulating material is provided (as shown in FIG. **2**) with an annular groove **15** in that edge **5a** of said ring which is adjacent to the top edge **3a** of the plastic skirt **3**, said annular groove **15** being engaged on the top edge **3a** of the skirt **3**.

Moreover, the top edge **1c** of the pan is provided with an annular flange **16** which is bent back so as to define a downwardly-open channel **17**, said channel being engaged on the adjacent edge **5b** of the ring **5**.

In the example illustrated, the ring **5** has a substantially L-shaped transverse cross-section, one portion **5c** of the L being substantially parallel to the lateral wall **1a** of the pan **1** and located in spaced relation to this latter whilst the other portion **5d** extends radially towards the plastic skirt **3**.

Furthermore, when the lid **11** is closed, the bottom edge **11a** of this latter is separated from the top edge **3a** of the skirt **3** by a gap *e* of sufficient width to allow the annular space **18** surrounding the ring **5** to communicate with the external air. Thus the ring **5** is cooled by the surrounding air and is not liable to be heated to an excessive temperature.

The base **1b** of the pan **1** has a vertical rod **19** engaged in an opening **20** which is formed in a recess **22** of the base **21** of the outer skirt. Said opening **20** is separated from the rod **19** by a sleeve **23** of heat-insulating and heat-resistant material such as polyamide. The end of said rod **19** is fitted with a nut **24** or the like which is held tightly against a spring **25**,

said spring being applied against the edge of the opening **20** which is remote from the pan **1**. This arrangement serves to compensate for manufacturing tolerances as well as dimensional variations caused by heat expansion.

It is also apparent from FIG. **1** that the electric heating resistor **2** is crimped within the base **1b** of the pan **1** and is sufficiently remote from the base **21** and from the [4] lateral wall of the skirt **3** to prevent any excessive heating of this latter.

A thermostat **26** is attached to the base **1b** of the pan **1** and is in turn remote from the base **21** of the skirt **3** of plastic material in order to prevent any thermal bridge which would be liable to heat this plastic material to an excessive extent.

The deep fryer in accordance with the invention is provided with a holder **27** for handling the frying basket **6** (as shown in FIG. **4**). Said holder **27** has a handle **28** at the end of which is fixed an arm **29** fitted with a hook **30**.

As shown in FIG. **3**, the skirt **3** is provided on its lateral face with a vertical slot **31** in which the basket holder **27** is flush-mounted in a detachable manner. This arrangement is made possible by the relatively substantial distance (3 to 5 cm) between the pan **1** and the zone of junction of the cylindrical portion of the skirt **3** with the flat portion **32** which surrounds the control knob **8**.

The main advantages of the fryer described in the foregoing are as follows:

The outer skirt **3** of plastic material separated from the oil pan **1** makes it possible to isolate this latter and to guard the user against any danger of burning. At the same time, the air space **4** which surrounds the pan **1** considerably limits heat losses to the exterior, thus permitting a reduction in power consumption.

Moreover, in addition to the fact that the skirt **3** is practically free with respect to the pan **1** or in other words that no thermal bridge is created between the pan and the skirt, this latter can be fabricated from inexpensive ordinary-grade plastic material which does not afford resistance to high temperatures, thus permitting low-cost production of the fryer.

The only portion of the fryer which involves relatively high capital expenditure is the ring **5** which must be of noble material having good high-temperature strength. However, the incidence of said ring on the cost of the fryer is low, taking into account the small dimensions of this part.

The merit of the present invention lies in particular in the fact that, by virtue of a ring of simple design, there has been found an effective solution to the problem presented. This ring alone carries out all the following functions:

it defines the spacing between the pan **1** and the external plastic skirt **3**,

it serves to support and to center the pan **1** within the skirt **3**,

it completely closes-off the air space between the pan **1** and the skirt **3**,

it permits free expansion of the pan **1** with respect to the skirt **3**,

it has the effect of limiting heat transfer between the pan **1** and the skirt **3**.

Moreover, the outer skirt **3** of molded plastic material as well as the lid **11** formed of the same material gives the fryer an entirely new and attractive appearance. This appearance is due in particular to the fact that the control elements of the fryer as well as the basket holder **27** are remarkably integrated in the skirt as shown in FIG. **3**.

As will be readily apparent, the invention is not limited to the example of construction described in the foregoing and any number of modifications may accordingly be contemplated without thereby departing from the scope or the spirit of the invention.

[5] Thus the skirt, the lid **11** and the ring **5** can be made of plastic materials other than those given by way of example in the foregoing description.

The invention is applicable to cooking appliances other than deep fryers, such as pressure cookers with integrated electric heating, slow cookers, rice cookers, steam cookers and the like.

What is claimed is:

1. An electrical deep fryer comprising a metal pan (1) having a wall, and an electric heating resistor (2) that heats said wall directly by conductive heating to a temperature higher than 150° C., said pan (1) being surrounded by a plastic skirt (3), wherein said skirt (3) is of plastic material which does not continuously withstand a temperature of 150° C., said skirt (3) entirely surrounding the lateral wall (1*a*) and the base (1*b*) of the pan and being separated from said wall and said base by an air space (4) of sufficient width to limit the temperature of the skirt (3) to a value which is compatible with the thermal resistance of the plastic material of the skirt (3), said skirt (3) being completely free with respect to the pan (1) with the exception of a ring (5) which joins only the top edge (3*a*) of the skirt to the top edge (1*c*) of the pan and to which this latter is attached, said ring (5) being of heat-insulating material which is continuously resistant to the temperature of the top edge (1*c*) of the pan (1).

2. An electrical deep fryer according to claim 1, the lid of the appliance being formed by a metal plate (9) which is intended to cover the top edge 9*c*) [sic] of the pan (1) in substantially fluid-tight manner, wherein said plate (9) is covered by a lid (11) of plastic material of the same nature as that of the skirt (3), said lid (11) being separated from the metal plate (9) by an air space (12), the connections between said plate (9) and the lid (11) being located solely at different points.

3. An electrical deep fryer according to claim **1**, wherein the pan (**1**) is suspended from the ring (**5**).

4. An electrical deep fryer according to claim **1**, wherein the ring (**5**) of heat-insulating material is provided with an annular groove (**15**) in the edge (**5a**) adjacent to the top edge (**3a**) of the plastic skirt (**3**), said annular groove (**15**) being engaged on the top edge **93a**) [sic] of the skirt (**3**).

[**6**] **5.** An electrical deep fryer according to claim **1** wherein the top edge (**1c**) of the pan (**1**) is provided with an annular flange (**16**) which is bent back so as to define a downwardly open channel (**17**) which is engaged on the adjacent edge (**5b**) of the ring (**5**).

6. An electrical deep fryer according to claim **1** wherein the ring (**5**) has a substantially L-shaped cross-section, one portion (**5c**) of said L-section being substantially parallel to the lateral wall (**1a**) of the pan (**1**) and in spaced relation thereto whilst the other portion (**5d**) of said L-section extends radially towards the plastic skirt (**3**).

7. An electrical deep fryer according to claim **2** wherein, when the lid (**11**) is closed, the bottom edge (**11a**), of said lid is separated from the top edge (**3a**) of the skirt by a gap (*e*) of sufficient width to allow the annular space (**18**) surrounding the ring (**5**) to communicate with the external air.

8. An electrical deep fryer according to claim **1** wherein the base (**1b**) of the pan (**1**) has a vertical rod (**19**) engaged in an opening (**20**) formed in the base

(21) of the outer skirt (3) and separated from the rod (19) by a sleeve (23) of heat-insulating material which affords resistance to the temperature of said rod, the end of said rod (19) being fitted with a nut (24) or the like which is held tightly against a spring (25), said spring being applied against the edge of the opening (20) which is remote from the pan (1).

9. An electrical deep fryer according to claim 2, wherein the skirt (3) and the lid (11) are of polypropylene.

10. An electrical deep fryer according to claim 1 wherein the ring (5) is of polyamide or of polyester.

11. An electrical deep fryer according to claim 1 provided with a holder (27) for handling the frying basket (6), wherein the skirt (3) is provided on its lateral face with a vertical slot (31) in which the basket holder (27) is flush-mounted in a detachable manner.

12. An electrical deep fryer as claimed in claim 1, wherein said ring (5) extends over the full thickness of said air space (4) between the pan (1) and said skirt (3).

13. An electrical deep fryer according to claim 1, wherein said ring (5) completely closes the upper portion of the space (4) between said pan (1) and said skirt (3).

* * * * *

[BAR CODE]
US004995312C1

(12) **EX PARTE REEXAMINATION
CERTIFICATE (7385th)**

**United States Patent
Leiros**

(10) **Number:** **US 4,995,312 C1**
(45) **Certificate Issued:** **Mar. 2, 2010**

(54) **COOKING APPLIANCE WITH ELECTRIC
HEATING**

(75) **Inventor:** **Ernest Leiros**, Dijon (FR)

(73) **Assignee:** **SEB S.A.**, Selongey (FR)

Reexamination Request:
No. 90/008,994, Jan. 18, 2008

Reexamination Certificate for:
Patent No.: **4,995,312**
Issued: **Feb. 26, 1991**
Appl. No.: **07/574,529**
Filed: **Aug. 28, 1990**

Related U.S. Application Data

(63) Continuation of application No. 07/488,504,
filed on Mar. 5, 1990, now abandoned, which is
a continuation of application No. 07/191,864,
filed on May 9, 1988, now abandoned.

(30) **Foreign Application Priority Data**

May 13, 1987 (FR)8706728

- (51) **Int. Cl.**
A47J 37/12 (2006.01)
- (52) **U.S. Cl.** **99/411**; 99/403; 99/413;
219/436; 219/439; D7/354
- (58) **Field of Classification Search**99/403,
99/410, 411, 412, 413, 414, 415, 416, 417,
99/418

See application file for complete search history.

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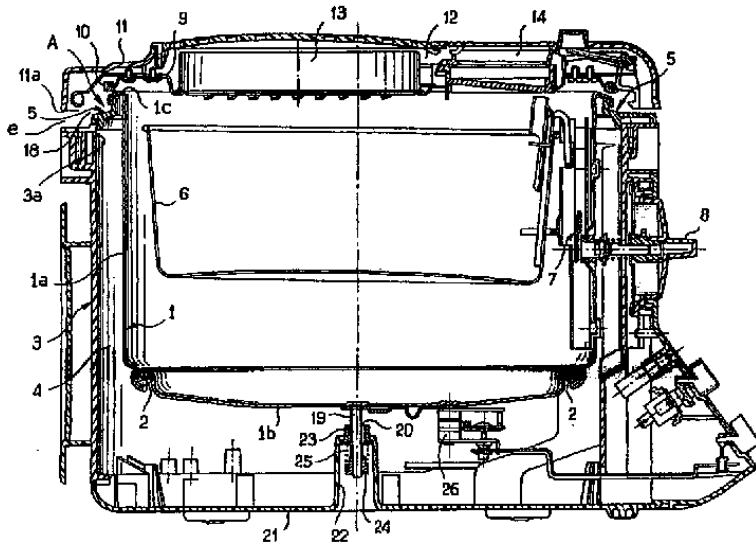
Primary Examiner—Jimmy T Nguyen

(57)

ABSTRACT

A plastic skirt (3) surrounding a metal pan (1) is employed for external heat-insulation of electrically-heated cooking appliances and in particular deep fryers. The skirt (3) is of plastic material which does not continuously withstand the temperature of the pan wall (1a, 1b) and is separated from this wall by an air space (4) of sufficient width to limit the temperature of the skirt (3). The skirt is completely free with respect to the pan (1) with the exception of a ring (5) which joins the top edge (3a) of the skirt to the top edge (1c) of the pan and to which the latter is

attached. The ring (5) is of heat-insulating material which affords continuous resistance to the temperature of the top edge (1c) of the pan (1).



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[1] **EX PARTE**

REEXAMINATION CERTIFICATE

ISSUED UNDER 35 U.S.C. 307

NO AMENDMENTS HAVE BEEN MADE TO
THE PATENT

[2] AS A RESULT OF REEXAMINATION, IT HAS
BEEN DETERMINED THAT:

The patentability of claims **1-13** is confirmed.

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