

No. 10-6

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IN THE  
**Supreme Court of the United States**

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

v.

SEB S.A.,  
Respondent.

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On Writ of Certiorari to the  
Supreme Court of the  
United States

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BRIEF OF *AMICUS CURIAE*  
WILLIAM MITCHELL COLLEGE OF LAW  
INTELLECTUAL PROPERTY INSTITUTE  
IN SUPPORT OF RESPONDENT

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**INTEREST OF *AMICUS CURIAE*<sup>1</sup>**

The Intellectual Property Institute is an entity within William Mitchell College of Law. The mission of the Institute is to foster and protect innovation through education, research, and service initiatives. Among its activities, the Institute advocates for the responsible development and reform of intellectual property law, including patent laws and the patent system of the United States. A purpose of the Institute is to raise issues and arguments in light of the public interest and the best interests of the patent system as a whole. The Institute has no financial interest in any of the parties to the current action.

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<sup>1</sup>Pursuant to Supreme Court Rule 37.6, no counsel for a party authored this brief in whole or in part, and no counsel or party made a monetary contribution intended to fund the preparation or submission of this brief. No person other than *amicus curiae* or its counsel made a monetary contribution to its preparation or submission. Additionally, counsel for both parties have consented to the filing of this brief, and their consents have been filed with the Clerk of this Court.

## SUMMARY OF ARGUMENT

This case asks the Court to decide what level of knowledge and intent a defendant must hold before liability can attach for inducing infringement under paragraph 271(b) of the patent statute.<sup>2</sup> The basic choice is between two alternatives. Insisting on only a general knowledge and intent would require the defendant only to know of and encourage the particular end activity that the direct infringer is to undertake. Insisting on specific knowledge and intent, in contrast, would require the defendant additionally to know of the particular patent that will be later sued upon, and to intend that the legal rights of the patent be violated.

The Institute believes that requiring only a general intent is the better choice for several reasons. Several of the briefs filed in support of the Petitioner, for example, leave the impression that United States patent law has long insisted on specific knowledge and intent, and that requiring only general intent represents change. This is incorrect. For most of history, liability under United States patent law required the indirect infringer to possess simply general intent. Knowledge of the patent was not necessary. Viewed historically, therefore, requiring specific intent is the development that is new and out of place.

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<sup>2</sup>35 U.S.C. § 271(b).

Limiting indirect infringement to instances of specific intent is also a poor choice because it is inconsistent with the general concept of joint tortfeasance, and how that concept applies to other areas of the law. Insisting on specific intent would permit potential indirect infringers to avoid liability simply by being ignorant of their duties under the law. It would also place patent law at odds with some areas of tort law that are otherwise structured similarly.

Finally, limiting inducing infringement to instances of specific knowledge and intent likely will be both ineffective and difficult to administer. The rule would encourage potential litigants to behave tactically. It is also over-broad when viewed in light of the underlying interests of many proponents.

## **ARGUMENT**

### **A. The Insistence that Indirect Infringement Include Specific Intent Has Developed Only Recently**

Several *amici* assert that United States patent law traditionally has limited indirect patent infringement to situations where the indirect infringer knew of the patent being infringed. This is incorrect. Instead, for most of its history the law has not required such specific knowledge; to the contrary, it has been sufficient for the indirect infringer simply to know of the end activity in which the aided infringer was

engaged. In reality, therefore, the rule limiting liability to instances of specific knowledge and intent has arisen only recently.

### **1. The Rule as Applied to Paragraph 271(b) Was Established Only in *DSU Medical Corp. v. JMS Co., Ltd.***

Confirmation that specific intent is only a recent requirement can be seen in the law specific to inducing infringement, under the paragraph 271(b) of the patent statute.<sup>3</sup> Specific intent became required there only in 2006, when the United States Court of Appeals handed down *DSU Medical Corp. v. JMS Co., Ltd.*<sup>4</sup> Prior to that time decisions of that court had treated the issue variously.<sup>5</sup>

### **2. Prior to 1952 Liability for Indirect Infringement Did Not Require Specific Knowledge or Intent**

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<sup>3</sup>35 U.S.C. § 271(b).

<sup>4</sup>*DSU Medical Corp. v. JMS Co., Ltd.*, 471 F.3d 1293 (Fed. Cir. 2006) (*en banc* in part).

<sup>5</sup>See, e.g., *Golden Blount, Inc. v. Robert H. Peterson Co.*, 438 F.3d 1354 (Fed. Cir. 2006); *nCube Corp. v. Seachange Intern., Inc.*, 436 F.3d 1317 (Fed. Cir. 2006); *MEMC Electronic Materials, Inc. v. Mitsubishi Materials Silicon Corp.*, 420 F.3d 1369 (Fed. Cir. 2005).

More generally, sources show that specific knowledge and intent were not predicates to liability even when indirect patent infringement was in its infancy. A clear example of this is *Ruth v. Stearns-Roger Mfg. Co.*<sup>6</sup> The case report there reproduces verbatim the opinion of the special master, in an action for patent infringement, on the accounting of profits. The opinion begins the period of accounting on the date that the patent owner began properly marking embodiments of the patented invention,<sup>7</sup> even though the accused infringer did not receive actual notice of the patent in suit until later.<sup>8</sup> The master's award of profits from contributory infringement includes activities during this interim period – at which time the accused infringer clearly could not have had specific knowledge and intent.<sup>9</sup>

The infringer in *Ruth v. Stearns-Roger* challenged

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<sup>6</sup>*Ruth v. Stearns-Roger Mfg. Co.*, 13 F.Supp. 697 (D. Colo. 1935).

<sup>7</sup>As required at the time by Rev. Stat. § 4900.

<sup>8</sup>See, e.g., *Ruth v. Stearns-Roger Mfg. Co.*, 13 F.Supp. 697, 699 (D. Colo. 1935) (“The infringing or accounting period begins on June 28, 1928, at which time Ruth caused to be attached to flotation machines manufactured and sold by him patent notice plates. From and after November 30, 1928, Stearns-Roger had actual notice of the patent in suit.”).

<sup>9</sup>See, e.g., *Ruth v. Stearns-Roger Mfg. Co.*, 13 F.Supp. 697, 702-04 (D. Colo. 1935) (entries in Tables F and G).

many aspects of the special master's opinion.<sup>10</sup> Yet it did not object to the award of contributory infringement profits from this early period. Instead, the propriety of that aspect of the award was simply accepted by both parties. This was so, even though the decision presents an extended discussion of other aspects of the intent required to support a determination of contributory infringement.<sup>11</sup>

This view of the early law is entirely consistent with more commonly known, lead authorities from the time, such as *Wallace v. Holmes*.<sup>12</sup> That decision simply does not address whether the minimum knowledge and intent required for indirect infringement is either general or specific; the issue was not before the court.

Indeed, to the extent that the decision points to a rule, it is that merely general knowledge and intent will suffice. Contrary to the impression left by several *amici*, the defendants' "certain knowledge" that *Wallace* refers to is actually general knowledge of how the lamp burner sold by the defendants was being used by customers, and not whether that use violated any right in a patent:

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<sup>10</sup>See, e.g., *Ruth v. Stearns-Roger Mfg. Co.*, 13 F.Supp. 697, 710-17 (D. Colo. 1935).

<sup>11</sup>See, e.g., *Ruth v. Stearns-Roger Mfg. Co.*, 13 F.Supp. 697, 713 (D. Colo. 1935).

<sup>12</sup>*Wallace v. Holmes*, 29 F.Cas. 74 (C.C. Conn. 1871).

[T]hey [the accused indirect infringers] . . . have, to their utmost ability, occupied the market, with the certain knowledge that such burners are to be used, as they can only be used, by the addition of a chimney.<sup>13</sup>

In fact, the clear focus of *Wallace* is on the defendants' knowledge and purpose that their component be put to a completed end use.<sup>14</sup> There is no discussion of whether the defendants knew of the patent later put into suit.

This Court's 1907 decision in *Cortelyou v. Charles*

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<sup>13</sup>*Wallace v. Holmes*, 29 F.Cas. 74, 80 (C.C. Conn. 1871).

<sup>14</sup>*See, e.g., Wallace v. Holmes*, 29 F.Cas. 74, 80 (C.C. Conn. 1871) ("Here, the actual concert with others is a certain inference from the nature of the case, and the distinct efforts of the defendants to bring the burner in question into use, which can only be done by adding the chimney. The defendants have not, perhaps, made an actual pre-arrangement with any particular person to supply the chimney to be added to the burner; but, every sale they make is a proposal to the purchaser to do this, and his purchase is a consent with the defendants that he will do it, or cause it to be done. The defendants are, therefore, active parties to the whole infringement, consenting and acting to that end, manufacturing and selling for that purpose.").

*See also, e.g., Thomson-Houston Elec. Co. v. Ohio Brass Co.*, 80 F. 712, 721 (6<sup>th</sup> Cir. 1897) (Taft, J.) ("It is well settled that where one makes and sells one element of a combination covered by a patent with the intention and for the purpose of bringing about its use in such a combination he is guilty of contributory infringement and is equally liable to the patentee with him who in fact organizes the complete combination.").

*Eneu Johnson & Co.*<sup>15</sup> is not to the contrary. *Cortelyou* is member of a class of cases that dealt with the special circumstance in which direct infringement was alleged to have arisen from the handling of a particular patented machine made by or under the authorization of the patent owner.<sup>16</sup> The patent owner's assertion in these cases was that direct infringement occurred because the patent owner, when the machine was originally sold, had restricted how the particular machine could be used, and that as a consequence the same restrictions followed the machine throughout its lifespan in commerce.<sup>17</sup>

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<sup>15</sup>*Cortelyou v. Charles Eneu Johnson & Co.*, 207 U.S. 196 (1907).

<sup>16</sup>*See, e.g., Heaton-Peninsular Button-Fastener Co. v. Eureka Specialty Co.*, 77 F. 288 (6<sup>th</sup> Cir. 1896); *Henry v. A.B. Dick Co.*, 224 U.S. 1 (1912); *Motion Picture Patents Co. v. Universal Film Mfg. Co.*, 243 U.S. 502 (1917).

There are actually reports of many such cases from the period.

<sup>17</sup>*See, e.g., Heaton-Peninsular Button-Fastener Co. v. Eureka Specialty Co.*, 77 F. 288, 290-91 (6<sup>th</sup> Cir. 1896) (“[T]he complainant . . . charges that every sale has been under an express restriction as to the use of the invention embodied in the machine. . . . The buyer of the machine undoubtedly obtains the title to the materials embodying the invention, subject to a reverter in case of violation of the conditions of the sale. But, as to the right to use the invention, he is obviously a mere licensee, having no interest in the monopoly granted by the letters patent. . . . All alienations of a mere right to use the invention operate only as licenses. It must follow, therefore, that the purchaser of one of complainant's machines subject to a restricted use takes the structure with a license to use the invention only with staples

During the late 19<sup>th</sup> and early 20<sup>th</sup> Century these restrictions were given legal effect by the courts, provided that those who later encountered the particular machine had adequate notice of the patent owner's original restrictions on the permitted use.<sup>18</sup>

The *Cortelyou* decision is one such case from this time period. As such, it is inapposite to the present case. Here, the infringing machines were not built under the patent owner's authority. In addition, the basic proposition behind the entire line of earlier cases were overturned by this Court shortly after *Cortelyou* was decided, in decisions such as *Bauer & Cie v. O'Donnell*,<sup>19</sup> and *Motion Picture Patents Co. v. Universal Film Mfg. Co.*<sup>20</sup> Viewed accurately, the discussion of notice in *Cortelyou* has no relevance to the current dispute.

The view that indirect infringement required only general knowledge and intent continued to predominate even during legislative consideration of

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made by the patentee.”).

<sup>18</sup>See, e.g., *Heaton-Peninsular Button-Fastener Co. v. Eureka Specialty Co.*, 77 F. 288, 290-91 (6<sup>th</sup> Cir. 1896); *Henry v. A.B. Dick Co.*, 224 U.S. 1 (1912).

See also *Motion Picture Patents Co. v. Universal Film Mfg. Co.*, 243 U.S. 502, 514 (1917).

<sup>19</sup>*Bauer & Cie v. O'Donnell*, 229 U.S. 1 (1913).

<sup>20</sup>*Motion Picture Patents Co. v. Universal Film Mfg. Co.*, 243 U.S. 502, 514 (1917).

the Patent Act of 1952. It is well known, for example, that this was the view of Giles S. Rich, who testified at hearings on H.R. 3760 of the eighty-second Congress.<sup>21</sup> A more direct expression, however, occurred during his testimony on the immediately preceding bill, H.R. 3866 of the eighty-first Congress, which was limited specifically to the issue of indirect infringement. There, the following exchange occurred:

Mr. Rich. . . . Section 3, which is the principal section of the first part of the bill, Mr. Stedman [of the Justice Department] said works two fundamental changes in the law. He says that it would catch unintentional contributory infringers. Well, I can see nothing wrong in catching an unintentional contributory infringer so long as it is the law that you can catch an unintentional direct infringer, which is the law according to my understanding. Anyone who makes, uses, or sells an infringement of a patent, whether or not he knows of the patent or intends to commit infringement, is liable.

So, if a person who sells something especially adapted for infringing use, and having no actual commercial noninfringing use, does that act without intent to infringe, why should we not hold him likewise?

Mr. Willis. That is true in all tort law. You don't have to have an intent; do you?

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<sup>21</sup>Statement of Giles S. Rich, Hearings on H.R. 3760 Before Subcommittee No. 3 of the House Committee on the Judiciary, 82<sup>nd</sup> Cong., 1<sup>st</sup> Sess, 159-60, 175-176 (June 15, 1951).

See, e.g., *Freedman v. Friedman*, 242 F.2d 364 (4<sup>th</sup> Cir. 1957).

Mr. Rich. That is right.<sup>22</sup>

### **3. Specific Knowledge and Intent Are Not Required by the Patent Act of 1952**

Congress's passage of the Patent Act of 1952<sup>23</sup> did not change this state of affairs. The language of paragraph 271(c),<sup>24</sup> for example, most naturally reads as requiring only general knowledge. Semantically, the phrase "knowing the same to be especially made or especially adapted for use in an infringement of such patent" refers to knowledge about an inherent quality of the component, material or apparatus in question. It does not refer to any specific intent. The term "infringement," moreover, is broad enough to encompass simply the customer's end activity, which is later determined to fall within the scope of a validly existing patent right. Again, it does not require that the particular patent already be known.

In addition to being consistent with the statute's plain language, this reading also fits neatly with provision's legislative history. The hearings leading up to the final language of section 271 refer

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<sup>22</sup>Statement of Giles S. Rich, Hearings on H.R. 3866 Before Subcommittee No. 4 of the House Committee on the Judiciary, 81<sup>st</sup> Cong., 1<sup>st</sup> Sess, 66-67 (June 3, 1949).

<sup>23</sup>Patent Act of 1952, Pub. L. No. 82-593, ch. 950, 82<sup>nd</sup> Cong., 2<sup>nd</sup> Sess., 66 Stat. 792 (July 19, 1952).

<sup>24</sup>35 U.S.C. § 271(c).

consistently to fears by some that Congress might extend liability for contributory infringement to manufacturers who custom-fabricated parts or chemicals in response to customer specifications, without knowing the end use to which the parts were to be put.<sup>25</sup> The concern was put forward in particular by I.E. McCabe, the principal of Mercoid Corp.,<sup>26</sup> which at that time had just escaped liability for contributory infringement in two decisions of this Court, *Mercoid Corp. v. Mid-Continent Inv. Co.*,<sup>27</sup> and *Mercoid Corp. v. Minneapolis-Honeywell Regulator Co.*<sup>28</sup>

These manufacturers were concerned that their bare sales of custom-designed components would expose them to liability, initially because the early

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<sup>25</sup>See, e.g., Hearings on H.R. 3760 Before Subcommittee No. 3 of the House Committee on the Judiciary, 82<sup>nd</sup> Cong., 1<sup>st</sup> Sess, 159-161 (June 15, 1951) (referencing letters from concerned parties to members of Congress; referencing concerns of chemical suppliers expressed during drafting process).

<sup>26</sup>See, e.g., Statement of I.E. McCabe, Hearings on H.R. 3866 Before Subcommittee No. 4 of the House Committee on the Judiciary, 81<sup>st</sup> Cong., 1<sup>st</sup> Sess, 39 (June 3, 1949); Statement of I.E. McCabe, Hearings on H.R. 3760 Before Subcommittee No. 3 of the House Committee on the Judiciary, 82<sup>nd</sup> Cong., 1<sup>st</sup> Sess, 137 (June 15, 1951).

<sup>27</sup>*Mercoid Corp. v. Mid-Continent Inv. Co.*, 320 U.S. 661 (1944).

<sup>28</sup>*Mercoid Corp. v. Minneapolis-Honeywell Regulator Co.*, 320 U.S. 680 (1944).

versions of the statutory language had no express knowledge requirement at all,<sup>29</sup> and later because as first introduced the term “knowingly” risked being applied simply to the act of selling, and not to the component’s inherent capability for infringement.<sup>30</sup>

The conclusion that Congress intended to address the concerns of these entities correlates well with the initial introduction of the term “knowingly” into the early part of paragraph (c) in H.R. 3760, and then the later shift of the term to the position it currently holds, where it speaks of the capability of the component being sold. Notably, in neither situation does “knowing” refer at all to the sort of specific intent that the Petitioner suggests in this case.

This view is fully consistent with the language in the eventual Senate Report, that paragraph (c) of section 271 is “much more restricted than many proponents of contributory infringement believe should be in the case.”<sup>31</sup> Some have attempted to

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<sup>29</sup>*See, e.g.*, text of H.R. 3866, reproduced at Hearings on H.R. 3866 Before Subcommittee No. 4 of the House Committee on the Judiciary, 81<sup>st</sup> Cong., 1<sup>st</sup> Sess, 1 (May 25, 1949).

<sup>30</sup>*See* text of section 231 of H.R. 3760, reproduced at Hearings on H.R. 3760 Before Subcommittee No. 3 of the House Committee on the Judiciary, 82<sup>nd</sup> Cong., 1<sup>st</sup> Sess, 13 (June 13-15, 1951).

<sup>31</sup>Senate Report No. 82-1979, 82<sup>nd</sup> Cong., 2<sup>nd</sup> Sess (June 27, 1952) (“This latter paragraph is much more restricted than many proponents of contributory infringement believe should be in the case. The sale of a component of a patented machine, etc., must constitute a material part of the invention and must be known to

press this statement into service in the present dispute, characterizing it as Congress's comment on a dispute during the hearings between Judge Rich and some representatives of the Justice Department in the precise issue of general vs. specific intent.<sup>32</sup> Examined dispassionately, however, the statement does not carry this meaning. At the time of the hearings interested persons held a very wide array of opinions about how the doctrine of contributory infringement should be codified, and in particular some entities urged the extreme position that liability should extend to those who simply sold non-material, staple articles of commerce, to customers who later used them to infringe.<sup>33</sup>

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be especially made or especially adapted for use in the infringement before there can be contributory infringement, and likewise the sale of staple articles of commerce suitable for noninfringement use does not constitute contributory infringement.”).

<sup>32</sup>*See, e.g.*, Statement of Wilbur Fugate, Hearings on H.R. 3760 Before Subcommittee No. 3 of the House Committee on the Judiciary, 82<sup>nd</sup> Cong., 1<sup>st</sup> Sess, 162 (June 15, 1951).

Representatives of the Justice Department also testified at the two earlier hearings on bills leading up to H.R. 3760. The testimony of the Justice Department representatives was not consistent across the three hearings.

<sup>33</sup>*See, e.g.*, Statement of Stephen Cerstvik, Hearings on H.R. 3866 Before Subcommittee No. 4 of the House Committee on the Judiciary, 81<sup>st</sup> Cong., 1<sup>st</sup> Sess, 26 (May 25, 1949).

*See also* Statement of Giles S. Rich, Hearings on H.R. 3866 Before Subcommittee No. 4 of the House Committee on the Judiciary, 81<sup>st</sup> Cong., 1<sup>st</sup> Sess, 1, 64 (June 3, 1949) (referencing variety of opinions held by interested persons).

When viewed in this light it is clear that the above-quoted language in the Senate Report is not speaking of the narrow issue now before this Court. Rather, it is referencing the approach in section 271 to contributory infringement overall. This is confirmed by the next sentence in the Report, which lists the section's resolution of those larger issues:

The sale of a component of a patented machine, etc., must constitute a material part of the invention and must be known to be especially made or especially adapted for use in the infringement before there can be contributory infringement, and likewise the sale of staple articles of commerce suitable for noninfringement use does not constitute contributory infringement.<sup>34</sup>

This view of the Patent Act of 1952 is confirmed by the authorities in the years immediately afterward. Most of those authorities did not understand Congress as having limited contributory infringement to specific knowledge and intent. Instead, they continued to assert that liability could be imposed even where the defendant's knowledge and intent had been only general.<sup>35</sup>

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<sup>34</sup>Senate Report No. 82-1979, 82<sup>nd</sup> Cong., 2<sup>nd</sup> Sess (June 27, 1952) (“This latter paragraph is much more restricted than many proponents of contributory infringement believe should be in the case.”).

<sup>35</sup>*See, e.g., Freedman v. Friedman*, 242 F.2d 364 (4<sup>th</sup> Cir. 1957) (“[T]here is no indication of any intent [by Congress] to make knowledge that there was a patent and that it was being infringed necessary to liability for contributory infringement.”).

That understanding was consistent with another section of the patent act, 287, which expressly regulates the notice that patent owner and accused infringer must give and receive, respectively, for liability for infringement to attach.<sup>36</sup> The arrangement that section 287 prescribes is different from the specific knowledge and intent that Petitioner now seeks to read into paragraph 271(b).

#### **4. The Insistence on Specific Knowledge and Intent Arose Only With This Court's Decision in *Aro II***

Viewed accurately, then, contributory infringement in United States patent law did not become limited to instances of specific knowledge and intent until this Court's 1964 decision in *Aro Mfg. Co. v. Convertible Top Replacement Co.* ("*Aro II*").<sup>37</sup>

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. . . The intent necessary is intent that the article sold shall be used in the article or process which constitutes infringement, not that the seller must know or intend that a patent will be infringed by the article or process." See also *Freedman v. Overseas Scientific Corp.*, 248 F.2d 274 (2<sup>nd</sup> Cir. 1957).

See also, e.g., Wetzell, James M., *The New Approach to Infringement* – 271, 46 J. Pat. & Tm. Off. Soc'y. 631, 638-39 (1964).

Compare *Buxton Inc. v. Julen Inc.*, 223 F.Supp. 697 (D.C.N.Y. 1963) (dicta).

<sup>36</sup>35 U.S.C. § 287.

<sup>37</sup>*Aro Mfg. Co. v. Convertible Top Replacement Co.*, 377 U.S. 476 (1964) ("*Aro II*").

See also *Aro Mfg. Co., Inc. v. Convertible Top Replacement*

Frankly, that aspect of the holding in *Aro II* is notorious.<sup>38</sup> The majority opinion asserts that the issue of whether to impose the elevated knowledge requirement was “apparently not noticed by the parties or the courts below.”<sup>39</sup> Four Justices dissented from the holding.<sup>40</sup> Secondary authorities noted the change in the law immediately, and spoke of it critically.<sup>41</sup> One author asserted that his

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*Co., Inc.*, 375 U.S. 804 (1963) (“*Aro I*”).

<sup>38</sup>*Aro II* involved a patent owner's attempt to salvage a narrower range of recovery in action for contributory infringement, where the majority of the damages has been precluded in *Aro I* under the doctrine of permissible repair. Most of the lead opinion in *Aro II* is a 5-4 decision holding that this narrower set of recoveries is permissible. See *Aro Mfg. Co. v. Convertible Top Replacement Co.*, 377 U.S. 476, 482 n.3 (1964). But for a very brief passage in *Aro II* – the last full paragraph at 377 U.S. 488, the paragraph bridging to 377 U.S. 489, and accompanying footnote 8 – the voting configuration of the Justices changes drastically. There, the four dissenting Justices joined one Justice from the majority elsewhere, and held that contributory infringement requires specific knowledge and intent. On this basis a substantial portion of the remaining, narrower recovery was denied. The four Justices who were in the majority elsewhere record their dissent in footnote 8.

<sup>39</sup>*Aro Mfg. Co. v. Convertible Top Replacement Co.*, 377 U.S. 476, 488 (1964).

<sup>40</sup>The four dissenting Justices record their dissent in footnote 8 of the main opinion. *Aro Mfg. Co. v. Convertible Top Replacement Co.*, 377 U.S. 476, 488 n.8 (1964).

<sup>41</sup>See, e.g., Wetzel, James M., *Re: “The New Approach to Infringement,”* 47 J. Pat. & Tm. Off. Soc’y. 57-58 (1965) (noting

“examination of the complete record in [the] case as deposited in the Library of Congress . . . showed that the knowledge issue was never raised by either party at any stage of the proceedings, nor was the point briefed by either party at any stage of the proceedings.”<sup>42</sup>

### **B. Incorporating Specific Intent into Paragraph 271(b) is Contrary to General Legal Principles**

Conditioning liability for inducing infringement on specific knowledge and intent is also a poor idea because it draws patent law into conflict with established law in other areas. At its root, such a limitation would preclude liability where the defendant simply lacked knowledge of his or her legal duty. Yet, as this Court recognized last year, United States law has “long recognized the ‘common maxim, familiar to all minds, that ignorance of the law will not excuse any person, either civilly or criminally.’ . . . Our law is therefore no stranger to the possibility that an act may be ‘intentional’ for purposes of civil liability, even if the actor lacked actual knowledge

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effect of *Aro II* on assertions regarding knowledge and intent in 46 J. Pat. & Tm. Off. Soc’y. 631, 638-39 (1964)); Moseley, David Lee, *The Knowledge Requirement of Contributory Infringement and the Aro Case*, 47 J. Pat. & Tm. Off. Soc’y. 98 (1965).

<sup>42</sup>Moseley, David Lee, *The Knowledge Requirement of Contributory Infringement and the Aro Case*, 47 J. Pat. & Tm. Off. Soc’y. 98, 101 n.7 (1965).

that her conduct violated the law.”<sup>43</sup> Adopting a requirement of specific knowledge and intent would thus place the law of liability for inducing infringement at odds with these basic principles.

This general conflict can be illustrated by specific examples. It is well settled that the imposition of liability for inducing infringement in patent law is a specific example of the overall principle of joint tortfeasance.<sup>44</sup> As a general proposition in tort law, one is liable for the tortious harm caused by another “if he . . . does a tortious act in concert with the other or pursuant to a common design with him.”<sup>45</sup> Applying this principle to patent infringement would make liability for inducing infringement depend simply on whether the inducer had acted “in concert” with the

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<sup>43</sup>*Jerman v. Carlisle, McNellie, Rini, Kramer & Ulrich LPA*, \_\_\_ U.S. \_\_\_, 130 S.Ct. 1605, 1611-12 (2010) (quoting *Barlow v. United States*, 7 Pet. 404, 411 (1833) (opinion for the Court by Story, J.)).

<sup>44</sup>See, e.g., *Aro Mfg. Co. v. Convertible Top Replacement Co.*, 377 U.S. 476, 500 (1964) (“It is true that a contributory infringer is a species of joint-tortfeasor . . . .”) (citing *Wallace v. Holmes*, 29 F. Cas. 74, No. 17100 (C.C.D. Conn. 1871)); *Stearns v. Tinker & Rasor*, 252 F.2d 589, 601 (9<sup>th</sup> Cir. 1957).

See also, e.g., Rich, Giles S., *Infringement Under Section 271 of the Patent Act of 1952*, 21 Geo. Wash. L. Rev. 521, 525 (1953) (“Contributory infringement is an expression of the old common-law doctrine of joint tort feasons . . . .”).

See generally also, *Glenayre Electronics, Inc. v. Jackson*, 443 F.3d 851, 876 (Fed. Cir. 2006).

<sup>45</sup>Restatement (2<sup>nd</sup>) Torts § 876(a).

actor who had infringed directly. It would not impose a requirement of specific knowledge and intent.

An even closer analogy from torts is the law of trespass. Both trespass and patent infringement impose direct liability on one who enters the property of another, regardless of whether the actor knew the entry was wrongful. Thus, for example, one can directly infringe the patent rights of another, even though the actor is completely unaware of the patent owner's rights.<sup>46</sup> By close analogy, it is well settled that liability in trespass extends to one who voluntarily intrudes into the land of another, even if the actor mistakenly believes his entry is under some right or privilege.<sup>47</sup>

As in patent law, the principle of joint tortfeasance has been held applicable to trespass.<sup>48</sup> "If, by any act of his, the actor intentionally causes a third person to enter land, he is as fully liable as though he himself

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<sup>46</sup>See, e.g., *Parker v. Hulme*, 18 F. Cas. 1138, 1143, No. 10740 (C.C.E.D. Pa. 1849); *Matthews v. Skates*, 16 F. Cas. 1133, 1135, No. 9291 (C.C.S.D. Ala. 1860); *Warner-Jenkinson Co., Inc. v. Hilton Davis Chemical Co.*, 520 U.S. 17, 35 (1997); *Florida Prepaid Postsecondary Educ. Expense Bd. v. College Sav. Bank*, 527 U.S. 627, 645 (1999).

<sup>47</sup>See, e.g., Restatement (2<sup>nd</sup>) Torts § 164 and Comment e (1963-1964) (Intrusions Under Mistake).

See, e.g., *Jerman v. Carlisle, McNellie, Rini, Kramer & Ulrich LPA*, \_\_\_ U.S. \_\_\_, 130 S.Ct. 1605, 1612 (2010)

<sup>48</sup>See, e.g., Restatement (2<sup>nd</sup>) Torts § 158 and Comment j (1963-1964) (Causing entry of a third person).

enters.”<sup>49</sup> As the Restatement recognizes, this rule “is an application of the general principle that one who intentionally causes another to do an act is under the same liability as though he himself does the act in question.”<sup>50</sup>

The comments to section 164 of the Restatement, which clarify that one’s intrusion into another’s land is “intentional” even if done under mistake of right,<sup>51</sup> expressly note that this same general intent applies when determining the liability of a joint tortfeasor.<sup>52</sup> That is, the joint tortfeasor may be liable even if she, too, was unaware that the direct tortfeasor’s actions amounted to an actionable trespass.

The analogy by which these rules should apply to patent infringement is plain. Just as trespass insists on only general knowledge and intent from a joint tortfeasor, so too patent law should only insist on general knowledge and intent from one who has acted in concert with a direct infringer.

### **C. The Underlying Concerns of the Other *Amici* are Best Addressed by Clarifying**

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<sup>49</sup>Comment j, Restatement (2<sup>nd</sup>) Torts § 158 (1963-1964).

<sup>50</sup>Comment j, Restatement (2<sup>nd</sup>) Torts § 158 (1963-1964).

<sup>51</sup>See Comment a, Restatement (2<sup>nd</sup>) Torts § 164 (1963-64).

<sup>52</sup>See Comment d and Illustration 9, Restatement (2<sup>nd</sup>) Torts § 164 (1963-64).

### Other Areas of Patent Law

The present case is an inappropriate vehicle to address the concerns that underlie the participation of many of the *amici*. In general, these *amici* are engaged in business activities that make them potential defendants in actions for indirect patent infringement. They are struggling because the case law has not articulated well the level of active cooperation that distinguishes one who has induced patent infringement, from one who has merely sold non-material or non-staple components customers. Thus, they face uncertainty as to whether they will be held liable for indirect infringement.

In addition, the case law has not yet treated adequately, when indirect infringement is found, how damages should be apportioned between the direct and indirect infringers. Thus, the *amici* risk being held liable for most or all of the patent owner's economic losses due to infringement, even though as indirect infringers they may have supplied only a small part of the overall infringing combination.<sup>53</sup>

Unfortunately, the present case is a very poor vehicle by which to address these concerns. In the present case, for example, the Petitioner supplied its

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<sup>53</sup>See generally, e.g., *Cornell Research Foundation, Inc. v. Hewlett-Packard Co.*, 2007 WL 4349135 (N.D.N.Y. 2007); *Lucent Technologies, Inc. v. Gateway, Inc.*, 580 F.3d 1301 (Fed. Cir. 2009); *Uniloc USA, Inc. v. Microsoft Corp.*, --- F.3d ----, 2011 WL 9738 (Fed. Cir. 2011).

customers with the entire infringing appliance for resale in the United States. The customers thereafter did exact that. There is no question that the Petitioner has acted in cooperation with its customers actively and purposefully enough to meet the relevant aspects of the definition of inducement.

Similarly, because the Petitioner supplied the entire infringing apparatus to its customers, the case presents no real issue of apportionment between the direct and indirect infringers. This is not a case in which the indirect infringer's contribution is only a small part of a much larger whole.

As a consequence, the present case demonstrates forcefully why the *amici's* underlying concerns cannot be addressed obliquely, by elevating the level of knowledge and intent required for inducing infringement overall. The rule that would result from that tactic would be too inclusive; it would lift liability for indirect infringement in situations where neither of the concerns is truly present, and where the traditional need for indirect infringement liability is clear.

In fact, the decisions of the lower courts in this particular case are precisely what one would expect to evolve from such a misguided effort. The rule as stated in its basic form is too easy to evade; well-informed and foresightful litigants will be too able to erect circumstances where the relevant policies call for liability to be imposed, but where the application of the rule calls for a different result. Faced with

these situations, the courts inevitably will feel pressure to embellish the basic rule with exceptions. The result will be an area of law that grows increasingly complicated, unpredictable, and illogical.

The far better course is to decline to use the present case as a vehicle for assisting the *amici*, and to instead address their concerns directly in appropriate future cases.

## II. CONCLUSION

For the foregoing reasons, the Institute respectfully urges the Court to hold that inducing infringement under 271(b) not require proof that the defendant possessed either specific knowledge of the patent later sued upon, or a specific intent to engage in activities known to be infringing. It urges the Court to hold instead that inducing infringement can be established with proof that the defendant knew of and encouraged the particular activities undertaken by the party who directly infringed. It urges that the decision of the court below be affirmed on that basis.

Respectfully submitted,

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