

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, LTC.,

*Petitioners,*

*v.*

SEB, S.A.,

*Respondent.*

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ON WRIT OF CERTIORARI  
TO THE UNITED STATES COURT OF APPEALS  
FOR THE FEDERAL CIRCUIT

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**BRIEF FOR HOFFMANN-LA ROCHE INC.,  
CATERPILLAR INC., GENERAL ELECTRIC  
COMPANY, JOHNSON & JOHNSON, LUTRON  
ELECTRONICS CO., INC., 3M COMPANY, AND  
THE PHARMACEUTICAL RESEARCH AND  
MANUFACTURERS OF AMERICA AS AMICI  
CURIAE IN SUPPORT OF RESPONDENT**

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## QUESTION PRESENTED

35 U.S.C. § 271(a) provides in part: “whoever without authority makes, uses, offers to sell, or sells any patented invention, within the United States or imports into the United States any patented invention during the term of the patent therefor, infringes the patent.”

Section 271(b) of the Patent Act provides: “Whoever actively induces infringement of a patent shall be liable as an infringer.”

The question presented is:

Whether the Federal Circuit has erred in holding that the statutory phrase, “Whoever actively induces infringement of a patent,” excludes a person who (i) actively induces another to perform acts that § 271(a) defines as infringement, but who (ii) is deemed ignorant of, or mistaken concerning, the legal status of the induced acts.

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## INTEREST OF AMICI CURIAE

Hoffmann-La Roche Inc. develops, manufactures, and markets diverse pharmaceutical and biotechnology products. Caterpillar Inc. is the world's largest maker of construction and mining equipment, diesel and natural gas engines, and industrial gas turbines. General Electric Company is a high-tech infrastructure and financial services company with global leadership positions in energy, oil and gas, healthcare, transportation, water, and consumer products. The Johnson & Johnson family of companies develops, manufactures, and markets a wide variety of pharmaceutical, biotechnology, medical device, and consumer products. Lutron Electronics Co., Inc. is a world leader in the design and manufacture of lighting control and energy management solutions for both residential and commercial applications. 3M Company is a diversified technology company with a leading global presence in the health care, industrial, display and graphics, consumer and office, safety, security and protection services, electronics and telecommunications, and transportation markets, applying its technologies to produce and sell more than 55,000 products and services to customers around the world. The Pharmaceutical Research and Manufacturers of America (PhRMA) is a voluntary association that represents research-based pharmaceutical and biotechnology companies, a listing of which is available at [www.phrma.org](http://www.phrma.org). Amici and PhRMA members own significant patent portfolios and, at times, are both plaintiffs and defendants in patent infringement actions. As direct participants in the United States patent system, Amici are vitally interested in the proper interpretation of 35 U.S.C. § 271(b) and that statute's continued viability as a meaningful source of protection for patented inventions.<sup>1</sup>

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<sup>1</sup> No counsel for any party authored this brief in whole or in part. No party made a monetary contribution intended to fund the preparation or submission of this brief. The parties have consented to the filing of this brief.

## SUMMARY OF THE ARGUMENT

The central issue in this case is whether, for liability to be imposed on a person who actively induces conduct that constitutes patent infringement, the inducer must have had certain legal knowledge—namely, knowledge that, as a matter of law, the induced acts constituted infringement of a particular patent. For at least four reasons, no such requirement of legal knowledge should be engrafted onto the statutory provision governing induced patent infringement liability.

First, the statutory language itself imposes no such knowledge requirement. Section 271(b) of the Patent Act provides that “[w]hoever actively induces infringement of a patent shall be liable as an infringer.” Absent from that statutory language is any word indicating a legal knowledge requirement even though other subsections of § 271 expressly include the word “knowing” to denote such a requirement. Furthermore, the concept of “infringement of a patent” refers to the acts specified in § 271(a) that generate infringement liability (e.g., “mak[ing], us[ing],” etc. a patented invention without authority from the patentee). Under a straightforward reading, the text of § 271(b) imposes liability on any person who actively induces another to perform acts that constitute patent infringement under § 271(a), without regard to the inducer’s knowledge of patent law.

Second, well-established common law principles support interpreting § 271(b) as imposing no requirement of legal knowledge. Under both the First and Second Restatements of Torts, a person who “induces” another’s tortious conduct is subject to liability without any requirement of knowledge “that the other’s conduct constitutes a breach of duty.” Rather, under the approach of the Restatements, a person who “induces” another’s tortious act may be held liable if they act knowing merely “the conditions under which the act is done” or intending “the consequences which ensue.”

Third, prior to the enactment of § 271(b), this Court had held that secondary liability for patent infringement could rightly be imposed on a person who

actively induced others to perform acts that infringed a complainant’s patent, notwithstanding that the inducer may have relied on advice of counsel and did not know or believe that the induced acts constituted patent infringement. Subsequent decisions of this Court—including *Metro-Goldwyn-Mayer Studios Inc. v. Grokster*, 545 U.S. 913 (2005)—have never imposed a requirement that liability for induced infringement depended on a party understanding the legal consequences of the induced acts.

Fourth, interpreting § 271(b) as not requiring knowledge or belief as to the legal status of induced acts is strongly reinforced by “the common maxim, familiar to all minds, that ignorance of the law will not excuse any person, either civilly or criminally.” *Jerman v. Carlisle, McNellie, Rini, Kramer & Ulrich LPA*, 130 S. Ct. 1605, 1611 (2010) (quoting *Barlow v. United States*, 32 U.S. (7 Pet.) 404, 411 (1833) (Story, J.)). This principle has long and traditionally been applied to conduct that invades property rights. *Id.* at 1612 (“intentional tort of trespass can be committed despite the actor’s mistaken belief that she has a legal right to enter the property”).

The Court should affirm the Federal Circuit’s judgment in this case, but should disapprove the rule of decision that was applied below. In *DSU Medical Corp. v. JMS Co.*, 471 F.3d 1293 (Fed. Cir. 2006) (en banc), the Federal Circuit misread this Court’s *Grokster* decision as holding that ignorance or mistake of law could defeat liability under 35 U.S.C. § 271(b). *Grokster* held no such thing. Consistently with the plain meaning of the text of § 271(b), *Grokster* construed “inducement of infringement” by reference to what a person actively induces another *to do*, not by reference to a person’s beliefs as to the legal status of induced acts.

Petitioner and its amici urge an interpretation of § 271(b) would effectively gut the statute and upset the careful balance of public and private rights that Congress struck in 35 U.S.C. §§ 271(b) and (c). The facts of the present case dramatically illustrate this point.

The Petitioner here designed, made, and marketed to retail distributors, for re-sale in the United States, finished products whose design embodied an invention that was protected by a valid United States Patent owned by Respondent. There is no question but that this Petitioner “actively induce[d]” its retail distributors to engage in conduct -- *sales* -- that infringed the Respondent’s patent.

Yet Petitioner and its amici assert that Petitioner, the manufacturing supplier, should not share liability with its retail distributors under 35 U.S.C. § 271(b), because Petitioner was not shown to have had actual knowledge of Respondent’s patent at relevant times. Petitioner and its amici are wrong.

Under a correct interpretation of § 271(b), the relevant inquiry is whether Petitioner “actively induce[d]” its distributors to perform acts, such as sales, that infringed Respondent’s patent under § 271(a). Petitioner’s claimed ignorance of Respondent’s patent is irrelevant to the liability inquiry under §§ 271(a) and (b), as is whether Petitioner’s claimed ignorance resulted from “deliberate indifference of a known risk” (594 F.3d at 1377) or some other cause.

The judgment below should be affirmed, but on the fundamental ground that a person’s claimed ignorance or mistake as to the legal status of actively induced acts is irrelevant to the existence of liability under 35 U.S.C. § 271(b).

## ARGUMENT

### I. THE STATUTORY TEXT AND STRUCTURE DEMONSTRATE THAT NO DEGREE OF LEGAL KNOWLEDGE IS REQUIRED TO IMPOSE INDUCEMENT LIABILITY.

#### A. The Text of § 271(b).

Section 271(b) provides in full: “Whoever actively induces infringement of a patent shall be liable as an infringer.” The statute has two crucial phrases, “actively induces” and “infringement of a patent.” Neither provides any basis for engrafting onto the statute a requirement of legal knowledge.

The phrase “actively induces” is best interpreted to mean the taking of active steps that “call forth, or bring about by influence or stimulation.” Webster’s Third New International Dictionary 1154 (2002). Nothing in the phrase “actively induces” means or suggests that the actor must know the legal status of induced acts.

The statutory phrase, “infringement of a patent,” is best interpreted in light of subsection (a) of § 271, which contains an express definition of when a person “infringes” a patent. Subsection (a) provides in full: “Except as otherwise provided in this title, *whoever* without authority makes, uses, offers to sell, or sells any patented invention, within the United States or imports into the United States any patented invention during the term of the patent therefor, *infringes the patent.*” (Emphasis added.)

Section § 271(a) defines patent infringement in terms of whether a person (“whoever”) has performed specified acts (“makes,” “uses”, “sells”, etc.). A person who makes unauthorized use of a patented invention is defined as an infringer, period. Liability for infringement under § 271(a) is not dependent on whether a person knows of a patent’s existence or believes that a patent excludes particular acts. *See Aro Mfg. Co. v. Convertible Top Replacement Co.*, 377 U.S. 476 (1964) (“*Aro II*”).

The broad sweep of 35 U.S.C. § 271(a) was expressly considered in *Aro II*. The patent at issue in *Aro II* disclosed and claimed a combination of elements that collectively made up an automobile convertible top apparatus. The patented invention had been embodied in certain model year vehicles without license from the patent owner. The purchasers of these vehicles had no knowledge of the complainant’s patent, but notwithstanding this lack of knowledge, the Court held that repair of the unlicensed vehicles’ convertible tops would constitute infringement under § 271(a), because “unauthorized use, without more, constitutes infringement” under § 271(a). *Aro II*, 377 U.S. at 484.

Patents are deemed by statute to “have attributes of personal property.” 35 U.S.C. § 261. In-

fringement of a patent has long been characterized as “a tortious taking of part of that property.” *Dowagiac Mfg. Co. v. Minn. Moline Plow Co.*, 235 U.S. 641, 648 (1915). *See also Carbice Corp. v. Am. Patents Dev. Corp.*, 283 U.S. 27, 33 (1931) (“Infringement, whether direct or contributory, is essentially a tort, and implies invasion of some right of the patentee.”).

In providing that “unauthorized use, without more, constitutes infringement,” *Aro II*, 377 U.S. at 484, the Patent Act establishes a liability rule that parallels one long and traditionally applied to invasions of property rights generally. Under traditional property law, the intent required for trespass liability is merely the intent to enter, a person making unauthorized entry is liable even though “he has acted in good faith, under the mistaken belief, however reasonable, that he is committing no wrong.” William L. Prosser, *Law of Torts* § 13, at 89 (1941). *Accord* Dan B. Dobbs, *The Law of Torts* § 51, at 98-99 (2000) (similar). *See also Jerman*, 130 S. Ct. at 1612 (“intentional tort of trespass can be committed despite the actor’s mistaken belief that she has a legal right to enter the property”) (citing Restatement (Second) of Torts § 164 (1965)).

Thus, under its plain terms, § 271(b) reaches any person who “actively induces”—i.e., calls forth, or brings about by influence or stimulation — acts, such as acts of making or selling, that § 271(a) defines as infringement. A person’s claimed ignorance or mistake concerning the legal status of induced acts is irrelevant to liability under § 271(b), just as it is irrelevant to whether induced acts constitute infringement of a patent under § 271(a).

#### **B. The Statutory Structure and the Contrast Between §§ 271 (b) and (c)**

The absence, in § 271(b), of any requirement that an actor know or believe that induced acts infringe a patent, is made even clearer when the text of § 271(b) is compared with that of 35 U.S.C. § 271(c). The latter section 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.

Section 271(c) defines a species of contributory infringement liability in which the requisite degree of causal responsibility for infringement is lower than that prescribed in § 271(b), but which is conditioned on a showing that a person performed specified acts “*knowing the same to be especially made or especially adapted for use in an infringement of such patent.*” (Emphasis added). The “knowing” requirement of § 271(c) has been held to mean that the person know that “the combination for which his component was especially designed was both patented and infringing.” *Aro II*, 377 U.S. at 488.<sup>2</sup>

The imposition of a “knowing” requirement in § 271(c), and the omission of any such requirement in § 271(b), is clearly intentional, and reflects a carefully-crafted balance of public and private rights. Where a person is shown to have “actively induced” another to perform acts that infringe a patent or copyright, such a showing “overcomes the law’s reluctance to find liability when a defendant merely sells a commercial product suitable for some lawful use.” *Grokster*, 545 U.S. at 936. Additionally, as illustrated by *Leeds & Catlin Co. v. Victor Talking*

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<sup>2</sup> Similarly, subsection (f) of section 271 includes two parallel paragraphs, with one including, and the other not including, an explicit knowledge requirement. See 35 U.S.C. § 271(f)(1) & (2). The paragraph devoted to acts that “actively induce” infringement is the paragraph that does not include a knowledge requirement. See 35 U.S.C. § 271(f)(1). See also *AT&T v. Microsoft Corp.*, 550 U.S. 437, 449 (2007) (“We construe § 271(f)’s terms ‘in accordance with [their] ordinary or natural meaning.’”) (quoting *FDIC v. Meyer*, 510 U.S. 471, 476 (1994)).

*Machine Co.*, 213 U.S. 301 (1909) (“*Leeds & Catlin No. 1*”) and *Leeds & Catlin Co. v. Victor Talking Machine Co. (No. 2)*, 213 U.S. 325 (1909) (“*Leeds & Catlin No. 2*”), where a person actively induces another to engage in acts that constitute patent infringement, the inducer’s erroneous belief as to the legal status of the induced acts is no defense to liability, even if based on advice of counsel. *See* 150 F. 147 (“Nor is the advice of counsel a sufficient excuse. . .”).<sup>3</sup>

On the other hand, a person that merely sells a non-infringing product to another, and does not affirmatively promote or otherwise instigate use of the product in a manner that infringes a patent, is not fairly characterized as one who “actively induces infringement of a patent.” 35 U.S.C. § 271(b). Rather, to impose secondary liability on such a person, a patentee must show that (i) the sold product constituted “a material part” of the invention, (ii) the sold product was “not a staple article or commodity of commerce suitable for substantial noninfringing use,” and (iii) the defendant acted “*knowing the same to be especially made or especially adapted for use in an infringement of such patent.*” 35 U.S.C. § 271(c) (emphasis added). *See Aro II*, 377 U.S. at 484-88.

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<sup>3</sup> Amici 41 Law, Economics, and Business Professors assert (41 Prof. Br. at 2-6) that the Court should read a “knowing” limitation into § 271(b), because otherwise § 271(b) would render § 271(c) “superfluous.” These law and non-law professors are wrong. Section 271(c) encompasses situations where a person seeks out supplies or components with which to carry out a pre-existing plan of commercial activity that infringes a patent. A supplier that receives and fills such a person’s order for non-staple components in such circumstances would not likely be one who “actively induces” its customer’s infringement under § 271(b), but could well be held liable under § 271(c) if the requirements of the latter section were satisfied. This example shows how the “knowing” requirement in § 271(c) serves a role that Congress deemed unnecessary for persons whose role in bringing about an infringement rises to the level of “actively induces.”

Section 271(c) demonstrates that Congress clearly knows how to condition secondary liability for patent infringement on proof that an actor engaged in conduct “knowing” that patent infringement was being supported. No such condition appears in § 271(b). To engraft such a requirement on § 271(b) would upset the statutory scheme and generate costly and uncertain litigation concerning actors’ legal knowledge or beliefs at relevant times, a type of determination that has long been recognized as entailing “extreme difficulty,” *Jerman*, 130 S. Ct. at 1623 (quoting *Barlow*, 32 U.S. (7 Pet.) at 411), and one whose difficulty creates opportunities for artifice and evasion as described in Part IV, *infra*.

## II. THE COMMON LAW BACKGROUND SUPPORTS INTERPRETING § 271(b) AS NOT REQUIRING LEGAL KNOWLEDGE.

The different secondary liability standards prescribed in 35 U.S.C. § 271(b) and (c) generally parallel those set forth in Section 876 of the Restatement of Torts (1939) (the “First Restatement”).<sup>4</sup> The First Restatement provides additional strong support for interpreting the phrase, “Whoever actively induces infringement of a patent,” 35 U.S.C. § 271(b), as referring to any person who actively induces another to perform acts that § 271(a) defines as infringement.

Section 876 of the First Restatement provides in part:

For harm resulting to a third person from the tortious conduct of another, a person is liable if he

(a) orders or induces such conduct, knowing of the conditions under which the act is done or intending the consequences which ensue, or

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<sup>4</sup> The substance of Section 876 of the First Restatement was carried over in Sections 876(b) and 877(a) of the Restatement (Second) of Torts (1977).

(b) knows that the other's conduct constitutes a breach of duty and gives substantial assistance or encouragement to the other so to conduct himself. . . .

Similarly to 35 U.S.C. § 271(b), the above-quoted Section 876(a) of the First Restatement prescribes secondary liability for a person who “induces” another’s tortious act, “knowing of the conditions under which the act is done or intending the consequences which ensue.” “Induces” in this context connotes a high degree of causal responsibility; and for a person who “induces” tortious conduct of another, Section 876(a) of the First Restatement prescribes secondary liability without regard for whether such a person “knows that the other’s conduct constitutes a breach of duty.”

By contrast, Section 876(b) of the First Restatement imposes secondary liability on a person who “*knows* that another’s conduct *constitutes a breach of duty*” and, having such knowledge, “gives substantial assistance or encouragement” to another’s commission of a tort. “Assistance or encouragement” in this context connotes a lesser degree of causal responsibility than does “induces,” and that lesser degree of causal responsibility is counter-balanced in the First Restatement by the heightened degree of culpability specified in the state of mind requirement, “*knows that the other’s conduct constitutes a breach of duty.*” (Emphasis added). First Restatement § 876(b).<sup>5</sup>

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<sup>5</sup> Amici Comcast et al. acknowledge the relevance of the First Restatement (Comcast Br. at 13), but wrongly suggest that there is no difference between the liability rules stated in First Restatement §§ 876(a) and (b). In fact, as set forth in the text, “know[ledge]” that another’s conduct “constitutes a breach of duty” is required for liability under First Restatement § 876(b) but not under First Restatement § 876(a), just as a similar knowledge requirement is prescribed by 35 U.S.C. § 271(c) but not by 35 U.S.C. § 271(b).

Amici Comcast et al. also wrongly suggest (Comcast Br. at 7-14) that 35 U.S.C. § 271(b) purportedly “codified” some supposed pre-existing case law limitation of secondary liability to persons to having “knowledge” that induced acts infringed a patent.

The common law principles articulated in Sections 876(a) and (b) of the First Restatement generally parallel<sup>6</sup> the distinct liability rules that 35 U.S.C. § 271(b) and (c) prescribe. A person who “actively induces infringement of a patent” is subject to liability under § 271(b), irrespective of whether he does so “knowing” that the induced conduct constitutes patent infringement; whereas a person who is a passive supplier of materials to another is not liable for the other’s infringement except in the circumstances specified in § 271(c), one of which is that the supplier

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Glaringly absent from Comcast et al.’s brief is any mention of the Court’s *Leeds & Catlin* decisions, in which secondary liability was imposed despite the defendant’s lack of “knowledge” that induced acts were infringing. Section 271 was designed, moreover, not to “codify” but to *overrule* the decision in *Mercoïd Corp. v. Mid-Continent Investment Co.*, 320 U.S. 661 (1944), insofar as the latter could be interpreted as precluding the type of secondary liability that this Court upheld in its *Leeds & Catlin* decisions. *See Dawson Chem. Co. v. Rohm & Haas Co.*, 448 U.S. 176, 203 (1980) (“the 1952 Act did include significant substantive changes, and . . . § 271 was one of them.”). *See also id.* at 221 (“holders of ‘new use’ patents on chemical processes were among those designated to Congress as intended beneficiaries of the protection against contributory infringement that § 271 was designed to restore.”)

Amici 41 Law, Economics, and Business Professors are also very wrong in asserting that “the common law origin of indirect infringement . . . requires that the defendant know that the behavior she aids is wrongful.” 41 Prof. Br. at 2. The Amici Professors fail to cite any source of general common law to support that assertion. The First and Second Restatements of Torts both demonstrate that one who “induces” another’s tortious acts is liable for resulting harm without regard for whether the inducer acted knowing that the induced acts were wrongful, *i.e.*, “constitute[d] a breach of duty.”

<sup>6</sup> The concept of “actively induces” has been held to include “active steps . . . taken to encourage direct infringement . . . such as advertising an infringing use or instructing how to engage in an infringing use.” *Grokster*, 545 U.S. at 936 (quotation omitted). The word “encouragement” can thus include some conduct that “induces” within the meaning of § 271(b).

acts “knowing” that the supported conduct breached a legal duty owed to a patentee.

### III. THIS COURT’S DECISIONAL LAW ON INDUCEMENT LIABILITY DOES NOT REQUIRE KNOWLEDGE OF THE LAW.

#### A. Pre-1952 Decision Law.

Prior to the enactment of § 271(b) in 1952, this Court had clearly not required knowledge of the law as an element to prove inducement liability. *Leeds & Catlin No. 2* is illustrative. In that case, the patent-in-suit disclosed and claimed “[t]he method of reproducing sounds from a record of the same, which consists in vibrating a stylus and propelling the same along the record, substantially as described,” and related “sound reproducing apparatus, consisting of a traveling tablet having a sound record framed thereon and a reproducing stylus shaped for engagement with said record . . . .” *Leeds & Catlin No 1*, 213 U.S. at 313-14. The patented apparatus was assembled, and the patented method was performed, when consumers played records on VICTOR record players that the respondent had sold.

Leeds & Catlin made and sold phonograph records. The patent-in-suit did not cover the making or selling of phonograph records as such, but the complainant showed that the petitioner’s sales “were knowingly made to enable the owners of the Victor Talking Machines to reproduce such musical pieces as they wished by the combination of the Leeds & Catlin record with said machines,” and “with the intent that [they] should be united to the other elements and complete the combination.” *Leeds & Catlin No. 2*, 213 U.S. at 331-32 (quoting 154 F. at 59).

Notwithstanding Leeds & Catlin’s reliance on advice of counsel (150 F. 147) and vigorous arguments that the complainant’s patent had expired prior to the challenged sales occurring, *see Leeds & Catlin No. 1*, 213 U.S. at 314-25, and that the patentee’s rights had furthermore been exhausted by prior authorized sales of the record players involved in consumers’ alleged infringement, *see* 154 F. at 61-62 (Wallace, J. dissenting), this Court affirmed an in-

junction against the “sale of records for use in the Victor machine,” which the Court characterized as “an entirely voluntary and intentional . . . contributory infringement.” 213 U.S. at 337 (quoting 150 F. at 147). Leeds & Catlin’s legal beliefs were simply irrelevant to whether, as a factual matter, it had actively induced owners of VICTOR record players to commit acts that infringed the complainant’s patent.

### **B. Post-1952 Law: The Grokster Decision**

“The rule on inducement of infringement as developed in the early cases is no different today.” *Grokster*, 545 U.S. at 936. *Grokster* was a copyright case, but its reasoning drew from patent law and is fully applicable here.

At issue in *Grokster* was whether a distributor of a computer software product could be held liable for acts of copyright infringement committed by end users of the product, where the product was capable of both lawful use (*e.g.*, reproduction of public domain material) and unlawful use (*e.g.*, reproduction of copyrighted music). The Court held: “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 infringement, is liable for the resulting acts of infringement by third parties.” 545 U.S. at 919.

In the context of the *Grokster* holding, the phrase “promoting its use to infringe copyright” referred to a *type* of use (*i.e.*, reproduction of copyrighted, as distinct from public domain or licensed, material), not to a state of mind concerning the legality of the use. At issue in *Grokster* was the sufficiency of the petitioners’ evidence to establish that the respondents promoted, encouraged, or otherwise actively induced end users of their software products to commit certain physical acts (*i.e.*, downloading copyrighted music files), not the sufficiency of the evidence to establish the respondents’ beliefs as to the legality of their own or end users’ acts.

So here, the Petitioner in this case designed, made, and marketed finished products to United States retail distributors for importation and resale

in the United States. Like the respondents in *Grokster*, the Petitioner here “actively induce[d]” its vendees to engage in particular intended conduct -- importing and selling Petitioner’s products -- that infringed Respondent’s patent. Petitioner’s causal responsibility for the infringing sales in this case is at least as great, if not greater, than was the causal responsibility that this Court found sufficient to support secondary liability in *Grokster*.

Petitioner’s claimed ignorance of Respondent’s patent is no more relevant here than were the unsuccessful arguments for non-liability put forward in *Grokster*. In the first place, the United States Patent and Trademark Office (“PTO”) is statutorily required to “maintain, for use by the public, paper, microform, or electronic collections of United States patents,” 35 U.S.C. § 41(i), and as this Court has held, “[c]onstruc[t]ive notice of their existence goes thus to all the world.” *Sontag Chain Stores Co. v. Nat’l Nut Co.*, 310 U.S. 281, 295 (1940). The Petitioner here thus acted with “implied knowledge” of Respondent’s patent (*id.*) even if, as Petitioner contended below, it lacked actual knowledge of that patent at relevant times.<sup>7</sup>

Equally importantly, as this Court has recently noted, “an act may be ‘intentional’ for purposes of civil liability, even if the actor lacked actual knowledge that her conduct violated the law.” *Jerman*, 130 S. Ct. at 1612. This principle has long been applied to invasions of private property rights. *Id.* (“intentional tort of trespass can be committed despite the actor’s mistaken belief that she has a legal right to enter the property”) (citing *Restatement (Second) of Torts* § 164 (1965)).

Under § 271(b) and *Grokster*, the concept of “actively induces” focuses on what a person actively in-

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<sup>7</sup> 35 U.S.C. § 287(a) limits recovery of damages in certain circumstances where a patentee does not mark “patented article[s]” sold within the United States with the number of a United States patent protecting such “articles.” The scope of § 287(a) is not at issue here.

duces another *to do*, not on what a person may believe as to the legal status of the induced acts. Having “actively induce[d]” its vendees to perform acts that ultimately were determined to infringe Respondent’s patent, this Petitioner brought itself squarely within the plain language of § 271(b). Petitioner’s claimed ignorance of Respondent’s patent was irrelevant to Petitioner’s liability under § 271(b), as was whether Petitioner’s claimed ignorance of Respondent’s patent resulted from a cause that might later be characterized as “deliberate indifference of a known risk,” 594 F.3d at 1377, or some other cause.<sup>8</sup>

A person accused of having “actively induce[d] infringement of a patent,” 35 U.S.C. § 271(b), can always defeat liability by demonstrating that the induced acts did not, in fact, infringe an asserted patent under 35 U.S.C. § 271(a). But if a person actively induces another to perform acts that do, in fact, constitute infringement under § 271(a), an injured patentee’s right to relief is simply not dependent on proof that the inducer believed that the induced acts were infringing. *Cf. Leeds & Catlin No. 2*, 213 U.S. at 330-37 (imposing secondary liability notwithstanding contention that asserted patent expired prior to the complained of acts).

As between (i) a complainant who suffers loss from acts that 35 U.S.C. § 271(a) defines as patent infringement, and (ii) a defendant who actively induces the infringing acts but claims ignorance or mistake as to the legal status of those acts, 35 U.S.C. § 271 (b) clearly makes the inducer equally liable with the inducee for the patentee’s injury. Neither § 271(a) nor § 271(b) conditions liability on a person knowing or believing that induced acts invade a patentee’s legal rights.

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<sup>8</sup> The Federal Circuit appears to have borrowed the phrase “deliberate indifference,” from the standard that governs whether a prison official is subject to liability for prison conditions that result in a violation of the Cruel and Unusual Punishments Clause of the Eighth Amendment. *See* 594 F.3d at 1376-77 (citing *Farmer v. Brennan*, 511 U.S. 825, 834 (1994)).

#### IV. IGNORANCE OR MISTAKE OF LAW IS NOT A DEFENSE TO LIABILITY UNDER § 271(b).

In urging reversal of the Federal Circuit’s judgment in this case, Petitioner and its amici effectively ask this Court to endorse the erroneous holding of the Federal Circuit in *DSU Medical Corp. v. JMS Co.*, 471 F.3d 1293 (Fed. Cir. 2006) (en banc). The Court should, instead, disapprove of the *DSU* decision and hold that ignorance or mistake of law is no defense to liability under 35 U.S.C. § 271(b), whatever might be the cause of such ignorance or mistake.

In *DSU*, a distributor of medical needles was held liable for patent infringement. The distributor had marketed and sold the accused products in the United States under and in accordance with a worldwide supply agreement that had been entered into outside the United States with the manufacturer of the needles. At issue in *DSU* was whether the manufacturing supplier had “actively induce[d]” its distributor’s infringement.

Notwithstanding that the defendant manufacturing supplier admittedly knew and intended that its wholesale distributor would market and sell the accused needles in the United States, the Federal Circuit held that the manufacturer was rightly adjudged not to have “actively induce[d]” its vendee’s infringement, because the manufacturer presented evidence that it allegedly harbored a belief — indeed, an erroneous belief — that its wholesale distributor’s sales of the accused products in the United States would not, in law, amount to actionable patent infringement. *DSU*, 471 F.3d at 1306-07.

In reaching this unusual result, the Federal Circuit sought to follow and apply this Court’s then-recent *Grokster* decision. In fact, the *DSU* decision rests on a serious misreading of *Grokster*. As described in Part III.B, above, nothing in *Grokster* holds or suggests that ignorance or mistake of law is a defense to liability under § 271(b). Still less does *Grokster* hold, as Petitioner and its amici wrongly urge, that § 271 (b) purportedly obligates a patentee to prove, as part of its case-in-chief, that an inducer

was *free* of ignorance or mistake concerning the legal status of induced acts.

In the decision below, a Federal Circuit panel attempted to constrain the enormous legal loophole that the *DSU* decision created. While adhering to the view that ignorance of a patent was a defense to liability under § 271(b), the panel below held that the defense was unavailable if an inducer “deliberately disregarded a known risk.” 594 F.3d at 1377 (citing *Farmer v. Brennan*, 511 U.S. 825 (1994)). Although this “deliberately disregarded” standard led to the correct result in this particular case, it rests on an erroneous premise, namely, that ignorance or mistake of law is a defense to liability under § 271(b). It is not.

It is well settled that “an act may be ‘intentional’ for purposes of civil liability, even if the actor lacked actual knowledge that her conduct violated the law.” *Jerman*, 130 S. Ct. at 1612. It is equally well settled that “ignorance of the law will not excuse any person, either civilly or criminally.” *id.* at 1605 (quoting *Barlow*, 32 U.S. (7 Pet.) at 411 (Story, J.)). *See Aro II*, 377 U.S. at 484 (unauthorized use, without more, constitutes infringement” under § 271(a)); *Union Naval Stores Co. v. United States*, 240 U.S. 284, 290 (1916) (person who conducted unauthorized turpentine operations on land, under mistaken belief in his right to do so, was “willful trespasser” who “acted with full notice of the facts, and his mistake of law cannot excuse him.”).

Ignorance or mistake of law is generally not recognized as a defense to civil or criminal liability, in part because of “the extreme difficulty of ascertaining what is, bona fide, the interpretation of the party.” *Id.* at 1623 (quoting *Barlow*, 32 U.S. (7 Pet.) at 411). “There is scarcely any law which does not admit of some ingenious doubt.” *Barlow*, 32 U.S. (7 Pet.) at 411. This observation has special force in patent cases, which typically involve “legal conclusion[s]” that are “predicated on factors as to which reasonable men can differ widely.” *Lear, Inc. v. Adkins*, 395 U.S. 653, 670 (1969). *See also* John Austin, *Jurisprudence* 498 (1879) (“if ignorance of law were admitted as a ground of exemption, the Courts would

be involved in questions which it were scarcely possible to solve. . . .”).

This Court has held that “§ 271(a) of the new Patent Code, which defines ‘infringement,’ left intact the entire body of case law on direct infringement.” *Aro Mfg. Co. v. Convertible Top Replacement Co.*, 365 U.S. 336, 342 (1961) (“*Aro I*”). *Accord Warner-Jenkinson Co. v. Hilton Davis Chem. Co.*, 520 U.S. 17, 26 (1997) (“In the context of infringement, we have already held that pre-1952 precedent survived the passage of the 1952 Act.”). Determining whether a patent excludes particular activity is often a complex and contentious process. This Court has noted:

A tract of land is easily determined by survey. Not so the scope of a patent right for an invention.

As between the owner of a patent and the public the scope of the right of exclusion granted is to be determined in light of the state of the art at the time of the invention.

*Westinghouse Elec. & Mfg. Co. v. Formica Insulation Co.*, 266 U.S. 342, 350 (1924) (Taft, C.J.). “The state of the art at the time of the invention,” *id.*, is also a factual predicate in all inquiries into the validity of an issued patent claim under 35 U.S.C. § 103. *See KSR Int’l Co. v. Teleflex Inc.*, 550 U.S. 398, 406 (2007) (“Under § 103, the scope and content of the prior art are to be determined”) (quoting *Graham v. John Deere Co.*, 383 U.S. 1, 17 (1966)).

To interpret § 271(b) as requiring knowledge of patent law requirements is inevitably to invite costly and typically futile litigation over an inducer’s subjective legal knowledge or opinions. *Cf. Jerman*, 130 S. Ct. at 1623 (“The dissent’s reading also invites litigation about a debt collector’s subjective intent to violate the FDCPA”). The *DSU* decision has, in practice, generated much litigation concerning “opinion-of-counsel evidence,” *Broadcom Corp. v. Qualcomm Inc.*, 543 F.3d 683, 699 (Fed. Cir. 2008), and has tended to subordinate the objective merits of infringement claims and defenses to litigation gamesmanship and arguments over whether “failure to

procure such advice” is properly considered “circumstantial evidence of intent to infringe” in a given case. *Id.*

To interpret § 271(b) as requiring knowledge of patent law requirements is also to create an enormous potential legal loophole and to prefer ignorance and error over the rights of persons whose *valid* patents have been *infringed*. There is almost no case in which a person accused of patent infringement cannot claim that they *did not know* that their actions caused or induced infringement of a patent. *Cf Jerman*, 130 S. Ct. at 1623 (“Under that approach, it appears, nonlawyer debt collectors could obtain blanket immunity for mistaken interpretations of the FDCPA simply by seeking the advice of legal counsel.”).

Neither the Federal Circuit rule applied below, nor the even more extreme legal loophole advocated by Petitioner and its amici, has any basis in the text of the Patent Act, this Court’s precedents, or common law principles. And as this Court recently held in *Jerman*, only very clear statutory language will be interpreted as overcoming the principle that ignorance or mistake of law is not a defense to civil or indeed criminal liability for conduct that actually violates a person’s rights. 130 S. Ct. at 1612 (“when Congress has intended to provide a mistake-of-law defense to civil liability, it has often done so more explicitly than here”); *id.* at 1613 (“Congress also did not confine liability under FDCPA to ‘willful’ violations, a term more often understood in the civil context to excuse mistakes of law”).<sup>9</sup>

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<sup>9</sup> In *Jerman*, the Court construed a provision of the federal Fair Debt Collection Practices Act (“FDCPA”), which prohibits certain debt collection practices but provides for non-liability if a violation “was not intentional and resulted from a bona fide error. . . .” 130 S. Ct. at 1608 (quoting 15 U.S.C. § 1692k(c)). At issue in *Jerman* was whether a law firm that intentionally engaged in certain debt collection activities, but did so under a mistaken belief that its conduct was not prohibited by the FDCPA, could claim the benefit of the “bona fide error” defense. This Court held that “the bona fide error defense in § 1692k(d)

Suppliers, manufacturers, and distributors can provide, as amongst themselves, for indemnification, insurance, or other provisions to address the risk that conduct by one or more of them will be found by a court to have caused infringement of a valid patent. But when a valid patent is infringed by unauthorized sales of products embodying the patented invention, 35 U.S.C. § 271(b) clearly contemplates that recovery may be had against any person who “actively induces” the conduct that causes the injury. A person’s beliefs as to the legal status of induced acts has no bearing on the injury and damage the induced acts cause and cannot rightly or fairly be held to limit a patentee’s statutory rights.

Interpreting § 271(b) as focused on injury-causing acts, rather than litigants’ claimed legal beliefs, focuses the liability inquiry where it belongs: on objective technical facts – whether the actively induced conduct does or does not infringe a patent. This interpretation would improve certainty and stability in the law, and be faithful to Congress’s clear intent in enacting § 271(b).

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does not apply to a violation of the FDCPA resulting from a debt collector’s incorrect interpretation of the requirements of that statute.” 130 S. Ct. at 1624.

## CONCLUSION

For the reasons set forth above, the judgment below should be affirmed, but on the fundamental ground that a person's claimed ignorance or mistake as to the legal status of actively induced acts is irrelevant to the existence of liability under 35 U.S.C. § 271(b).

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