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Supreme Court Decision Limits Patent Infringement Risk for Exporting a Single Component of a Multi-Component Invention

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On February 22, 2017, the Supreme Court held that there is no patent infringement when an entity supplies "a single component" from the United States for combination into "a multicomponent invention" outside the United States.[1].

Background

This case involved U.S. Reissue Patent RE 37,984 ("the '984 patent") [2], which is directed to a genetic testing kit comprised of five components. Promega Corporation ("Promega") was the exclusive licensee of the '984 patent. Under a sublicense from Promega, Life Technologies Corporation ("Life Technologies") manufactured the kit by supplying one component from the U.S. to the UK and then combining it with four other components in the UK to create the kit. A dispute arose when Promega alleged that Life Technologies exceeded the scope of the sublicense field of use and was therefore liable for infringing the '984 patent.

The Lower Courts

Promega filed suit in the U.S. District Court for the Western District of Wisconsin and alleged that Life Technologies violated 35 U.S.C. § 271(f)(1). The statute provides that one may be liable for patent infringement for providing from the U.S. "all or a substantial portion of components" to a patented invention if combined with other components outside the U.S.:

Whoever without authority supplies or causes to be supplied in or from the United States all or a substantial portion of the

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components of a patented invention, where such components are uncombined in whole or in part, in such manner as to actively induce the combination of such components outside of the United States in a manner that would infringe the patent if such combination occurred within the United States, shall be liable as an infringer.

At trial, the jury found that Life Technologies infringed the claims of the '984 patent and the infringement was willful.[3] Life Technologies then moved for judgment as a matter of law asking that the jury verdict be overturned because "at most...one component of all of the accused products...was supplied from the United States" and that is insufficient to find infringement under § 271(f)(1) because the statute requires the supply of multiple components.[4] The District Court agreed with Life Technologies and overturned the jury verdict. Promega appealed. On appeal, the Court of Appeals for the Federal Circuit reversed the District Court and reinstated the jury verdict while holding that "substantial evidence supports the jury's finding that LifeTech infringed the ['984] patent under both 35 U.S.C. § 271(a) and 35 U.S.C. § 271(f)(1)".[5] Life Technologies then sought a writ of certiorari to the United States Supreme Court.

The United States Supreme Court

In its opinion, the Supreme Court noted that the purpose of § 271(f)(1) is to "expand the definition of infringement to include supplying from the United States a patented invention's components."[6] In its discussion, the Supreme Court focused on the terms "components" and "substantial portion" to determine whether a single component of a multi-component invention can form the basis of patent infringement under §271(f)(1) and provided an elaborate analysis of the language of the statue. Ultimately, the Supreme Court held that a single component cannot constitute infringement under §271(f)(1).[7] Importantly, the Supreme Court specifically did *not* address how many components made in the U.S. and exported to be combined into a multi-component invention outside the US would amount to infringement under §271(f)(1). Specifically, the Court said, "[w]e do not today define how close to 'all' of the components 'a substantial portion' must be."[8]. Therefore, potential accused infringers should use their own best judgment in assessing the risk under §271(f)(1). The Supreme Court's language provides some guidance:

A supplier may be liable under §271(f)(1) for supplying from the United States all or a substantial portion of the components (plural) of the invention, even when those components are combined abroad. The same is true even for a single component under §271(f)(2) if it is especially made or especially adapted for use in the invention and not a staple article or commodity. We are persuaded, however, that when as in this case a product is made abroad and all components but a single commodity article are supplied from abroad, this activity is outside the scope of the statute.[9]

While the risk of exporting a single component for combination outside the U.S. resulting in patent infringement has been reduced, the Supreme Court's nearly-unanimous decision in *Life Technologies* provides some insight. In many cases, manufacturers and suppliers should strongly consider consulting with an experienced patent attorney to gain insight into the risks of making or supplying one or more components from the United States that are later incorporated into a multicomponent invention outside the United States.

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If you have questions, please contact the authors of this alert, Douglas W. Kim and Lance A. Lawson, P.E., or a member of the firm's Intellectual Property and Litigation practice groups.