Case Alerts

Supreme Court Rejects Federal Circuit's Basis For Finding Infringement Liability For U.S. Exporters Under § 271(f)(1): *Life Technologies Corp. et al. v. Promega Corp.*

The Supreme Court today reversed the Federal Circuit's interpretation of an infringement liability statute in litigation over whether shipping a ***single*** component of a patented multi-component invention to be assembled overseas qualifies as an infringing act under 35 U.S.C. § 271(f)(1), and remanded the matter to the Federal Circuit. In doing so, the Supreme Court clarified that § 271(f)(1) does not cover the supply of a ***single*** component of a multicomponent invention.

35 U.S.C. § 271(f)(1), which imposes infringement liability on U.S. manufacturers who supply components of patented inventions for use abroad, provides as follows:

> Whoever without authority supplies or causes to be supplied in or from the United States all or ***a substantial portion of the components of a patented invention***, where such components are uncombined in whole or in part, in such manner as to actively induce the combination of such components outside of the United States in a manner that would infringe the patent if such combination occurred within the United States, shall be liable as an infringer.

Promega owns and licenses patents that relate to DNA amplification, including the "Tautz patent." The Tautz patent claims a kit with five components, one of which is a polymerase enzyme with

non-infringing uses. Promega's competitor LifeTech manufactures genetic testing kits that contain all five components of the claimed kit. The polymerase component of LifeTech's kits is manufactured in the U.S. and then shipped to the United Kingdom, where the kits are assembled and sold worldwide.

Promega sued LifeTech for infringement in the United States District Court for the Western District of Wisconsin. The District Court held that LifeTech could not be liable for infringement under § 271(f)(1) because it exported from the United States only one component of the multi-component kit claimed in the Tautz patent, *i.e.*, the polymerase, whereas the statute requires exporting at least two components to satisfy the "substantial portion of the components" requirement. The Federal Circuit reversed. Relying on the dictionary and ordinary meanings of the word "substantial" as being "important" or "essential," the Federal Circuit concluded that the "substantial portion" element of § 271(f)(1) does not require at least two components.

In today's decision, written by Justice Sotomayor, the Supreme Court reversed the Federal Circuit's 2014 decision, holding that the ***"supply of a single component of a multicomponent invention for manufacture abroad does not give rise to § 271(f)(1) liability***." The Supreme Court observed that given the statute's text, context, and structure, the phrase "all or a substantial portion" points to a quantitative rather than qualitative meaning. The Opinion further explained that under a quantitative approach, a single component cannot constitute a "substantial portion" triggering § 271(f)(1) liability. The Supreme Court further observed that Promega's proffered "case-specific approach" requiring either a qualitative and/or quantitative test, depending on the circumstances, is unworkable as it would only compound the statute's ambiguity and further complicate a jury's review.

The Supreme Court also found that a quantitative approach is supported by the existence of § 271(f)(2), which expressly provides for liability for the supply of "any component," *i.e.*, a single component—but only where that component is "especially made or especially adapted for use in the invention." Reading § 271(f)(1) as necessarily covering more than a single component allows the two provisions to "work in tandem and gives each provision its unique application."

The Supreme Court further observed that Congress enacted § 271(f)(1) to prevent the so-called "*Deepsouth*" loophole, where all the components of a patented invention (not merely a single component) were manufactured in the U.S. and shipped abroad for final assembly. Notably, Justice Alito penned a concurring opinion (joined by Justice Thomas) observing that the phrase "all ***or a substantial portion***" clearly shows that Congress intended § 271(f)(1) to cover more situations than simply when ***all*** of the components were exported. However, neither the statute nor today's Opinion clearly states a bright-line rule as to what "***substantial portion***" of the components will trigger liability, leaving future courts and juries to address the remaining ambiguity between more than one and less than all.

Today's decision is a step toward clarity. Nevertheless, U.S. manufacturers and exporters should continue to closely follow this issue, seeking further guidance from future courts on what constitutes "a substantial portion" of the components of an invention beyond more than one.

Stephen K. Sullivan, Ph.D.
Partner
ssullivan@fchs.com

Yvonne Stoddard
Associate
ystoddard@fchs.com

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