Advisory

FEBRUARY 2017

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Extraterritoriality of United States Patent Laws: Limited Infringement Liability

On February 22, 2017, in a 7-0 decision (with Chief Justice Roberts taking no part) the Supreme Court unanimously held in *Life Technologies Corp. v. Promega Corp*. that shipping a single component of a patented invention to be combined with other components overseas is not infringement under Section 271(f)(1). Thus, the Court concluded that the reach of Section 271(f)(1) abroad does not apply when only one component of a patented invention is at issue.

The basic facts were uncontested: Life Technologies supplied an enzyme made in the U.S. to its U.K. subsidiary, which then manufactured a diagnostic kit in the U.K. consisting of the Life Technologies enzyme and four other components.

The relevant law, 35 U.S.C. 271(f)(1), states:

> "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." (emphasis added)

In reversing the Federal Circuit's position that a "substantial portion" could be a single component if such component is important or essential to the combination, the Supreme Court held that a "substantial portion" has a "quantitative, not qualitative" meaning. Writing for the majority, Justice Sotomayor found that both a textual analysis of 271(f)(1) and a review of the legislative history required quantitative analysis.

Applying this rationale, the Supreme Court found that a single component cannot comprise a "substantial portion" of any combination, and therefore cannot substantiate infringement under 271(f)(1). As noted by Justice Alito in his concurrence, the Court "establishes that more than one component is necessary, but does not address *how much* more." (emphasis in original).

Because the parties had stipulated that the patented invention consisted of five components, the Supreme Court expressly refused to consider "how to identify the 'components' of a patent or whether and how that inquiry relates to the elements of a patent claim."

The Court has left open numerous questions. First, how many components of a multicomponent invention are sufficient to support a finding of a substantial portion? The Court does not address this. While the patent infringement exposure for a company that ships a single component overseas is limited, there is no guidance on how many components would constitute infringement or what amounts to a "substantial portion."

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Second, how should courts identify the significance of each component of a combination product? Since the infringement analysis will now be quantitative, courts will also have to determine how to count the various elements of a product and what constitutes a separate component in a particular product. Resolving these issues will certainly bring more complication and ambiguity into the analysis under Section 271(f)(1).

Third, what are "components" of a patent? Because the parties had stipulated to the identity of the components at issue, the Court expressly declined to consider "how to identify the 'components' of a patent or whether and how that inquiry relates to the elements of a patent claim." As such, in the absence of a stipulation by litigants, trial courts will have to evaluate this issue on a case by case basis until further guidance is issued.

As a result, it will now be left to the judges and juries to make these determinations and for the Federal Circuit to provide guidance on these issues. What is clear though is that this is yet another decision by the Supreme Court that has injected less predictability and more uncertainty in the outcome of a patent case.

As this jurisprudence evolves, Wiggin and Dana will continue to keep you abreast of developments.