

May 27, 2015

Supreme Court Holds “Good-Faith Belief in Invalidity” Is No Defense to Induced Infringement

On May 26, 2015, the Supreme Court held in *Commil USA, LLC v. Cisco Systems, Inc.* that a defendant’s good-faith belief in the invalidity of the patent-in-suit is not a defense to induced infringement under 35 U.S.C. § 271(b). The Court first affirmed its 2011 decision in *Global-Tech Appliances, Inc. v. SEB S.A.* that “induced infringement... requires knowledge that the induced acts constitute patent infringement,”¹ holding that a defendant’s good-faith belief that the accused conduct is not covered by the claims of the patent-in-suit is a defense to induced infringement. *Global-Tech* did not resolve, however, whether a good-faith belief that a patent-in-suit is *invalid* is enough to establish that the defendant in an induced infringement action lacked the requisite knowledge that “the induced acts constitute patent infringement.” Citing both longstanding divisions between validity and infringement in patent law, and the need to allocate burdens in litigation in a way that will promote the “orderly administration of the patent system,” the Court ruled that such a belief cannot be a defense to liability.

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In a 6-2 decision² authored by Justice Kennedy and reversing the decision of the Federal Circuit, the Court rejected the proposed defense because “the scienter element for induced infringement concerns infringement” and “infringement and validity are separate matters under patent law.” Accordingly, to support a finding of liability under a theory of induced infringement, defendant need know only that the accused induced conduct is covered by the claims of the patent-in-suit. The Court’s holding is that defendant’s belief regarding the validity of the patent has no bearing on whether defendant “actively induces” infringement of that patent under § 271(b). The Federal Circuit’s decision below had reasoned that it is “axiomatic that one cannot infringe an invalid patent,”³ and that, therefore, a belief in invalidity is relevant to the question of whether defendant knew its induced acts constitute patent infringement. Nonetheless, Justice Kennedy’s opinion emphasized that infringement and validity are separate issues, governed by provisions appearing in separate parts of the Patent Act, and when “infringement is the issue, the validity of the patent is not the question to be confronted.” The majority stated that allowing the proposed defense would both “conflate the issues of infringement and validity,” and would undermine the presumption of validity afforded to all issued patents, which the majority referred to as “a ‘common core of thought and truth’ reflected in [the Court’s] precedents for a century.”

Acknowledging that the statement that an invalid patent cannot be infringed is “in one sense a simple truth, both as a matter of logic and semantics,” the Court relied in its holding on the fact that validity and infringement are separate issues with different burdens of proof. It stated that courts administering the statutory framework must determine “the procedures and sequences that the parties must follow to prove the act of wrongful inducement and any related issues of patent validity” and that “the allocation of the burden to persuade on these questions, and the timing for the presentations of the relevant arguments, are concerns of central relevance to the orderly administration of the patent system.” Characterizing invalidity as an affirmative defense that “can preclude enforcement of a patent against otherwise infringing conduct,” the majority opinion concluded that, if a patent-in-suit is invalid, an accused inducing

¹ 131 S. Ct. 2060, 2068 (2011).

² Justice Breyer took no part in the consideration or decision of the case.

³ *Commil USA, LLC v. Cisco Sys., Inc.*, 720 F.3d 1361, 1368 (Fed. Cir. 2013)

infringer can ultimately avoid liability by carrying its burden to prove that fact. But the Court stressed that, although a defendant can avoid liability for infringement in this way, “invalidity is not a defense to infringement, it is a defense to liability.”

In reaching its decision, the Court also relied on “practical reasons not to create a defense based on a good-faith belief in invalidity.” The Court noted that “accused inducers who believe a patent is invalid have various proper ways to obtain a ruling to that effect,” including declaratory judgment, an *inter partes* review at the Patent Trial and Appeal Board, or an *ex parte* reexamination of the patent by the Patent and Trademark Office. Furthermore, the Court noted that creating a defense of belief of invalidity would “render litigation more burdensome for everyone involved.” Reasoning that a contrary ruling would incentivize accused inducers to put forth a theory of invalidity and that a typical defendant could likely come up with “myriad arguments,” the Court concluded that “the need to respond to the defense will increase discovery costs and multiply the issues the jury must resolve.” The Court also noted that, if the defense were permitted, a jury would have the “difficult task of separating the defendant’s belief regarding validity from the actual issue of validity.”

Finally, the Court addressed the concern the decision might have on the practice of sending demand letters based on frivolous claims. Emphasizing that no issue of frivolity had been raised in the case at the bar, Justice Kennedy’s opinion reasoned that “the district courts have the authority and responsibility to ensure frivolous cases are dissuaded.” Because both sanctions under Rule 11 and attorneys fees in exceptional cases are available to parties facing frivolous patent suits, and because a defendant in such a suit has other procedural avenues for establishing invalidity, the Court concluded that concerns over frivolous suits were not sufficient to warrant the proposed defense.

Justice Scalia, joined by Chief Justice Roberts, dissented, arguing that “[t]o talk of infringing an invalid patent is to talk nonsense.” Under the dissent’s formulation, “[i]nfringing a patent means invading a patentee’s exclusive right to practice his claimed invention” and that “[o]nly valid patents confer this right – invalid patents do not.” Accordingly, the dissent argued, “only valid patents can be infringed” and “anyone with a good-faith belief in a patent’s invalidity necessarily believes the patent *cannot* be infringed.” Because the holding in *Global-Tech* required knowledge that the induced acts constituted patent infringement, a defendant holding a good-faith belief that the patent-in-suit is invalid cannot possess the requisite intent because “it is impossible for anyone who believes that a patent cannot be infringed to induce actions he *knows* will infringe it.”

A copy of the Supreme Court’s *Commil USA, LLC v. Cisco Systems, Inc.* decision is available [here](#). To further discuss the potential impact of *Commil* or the Court’s other decisions related to induced infringement, please contact your usual Ropes & Gray attorney or one of the Ropes & Gray attorneys listed above.