

Induced infringement made (not) easy

The 'willful blindness' standard set by the Supreme Court will be hard to meet absent extreme facts



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In its recent opinion, *Global-Tech Appliances v. SEB*, 11 C.D.O.S. 6462, the U.S. Supreme Court at long last clarified that induced infringement under 35 U.S.C. §271(b) requires knowledge that the induced acts constitute patent infringement. While the Supreme Court also ruled that this knowledge requirement can be met by a showing of “willful blindness,” and that this standard was met in *Global-Tech*, the extreme facts of *Global-Tech* will rarely arise. In the vast majority of cases, there will therefore be no inducement absent actual knowledge that the induced acts infringe.

The level of intent required for induced patent infringement under §271(b) has long been uncertain. As the Supreme Court notes in *Global-Tech*, that uncertainty began with the statute itself, which hints at an intent requirement, but provides no guidance as to the requirement's contours — saying only, “Whoever actively induces infringement of a patent shall be liable as an infringer.” Although courts have generally agreed that

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the phrase “actively induces” appears to require some culpable state of mind, courts have long disagreed over whether §271(b) is satisfied by mere knowledge of acts that later turn out to be infringing, or whether defendant must know that the acts infringe the patent-at-issue.

In support of its ruling that §271(b) requires that defendant must know that the induced acts infringe, the Supreme Court relied heavily on the fact that this is the intent requirement associated with contributory infringement under §271(c). While the *Global-Tech* court concedes the §271(c) requirement was decided by a “badly fractured” court in *Aro Mfg. v. Convertible Top Replacement*, 377 U.S. 476 (1964), it goes on to note that the

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Aro holding has since “become a fixture in the law of contributory infringement.” Observing that induced infringement and contributory infringement share common roots and were not even considered separate theories of indirect liability before 1952, the *Global-Tech* court concluded that “it would thus be strange to hold that knowledge of the relevant patent is needed under §271(c) but not under §271(b). Accordingly, we now hold

that induced infringement under §271(b) requires knowledge that the induced acts constitute patent infringement.”

Having so held, the court went on to address whether that “knowledge” must be “actual knowledge,” or meet only some lesser threshold. In the court below, the Federal Circuit U.S. Court of Appeals had applied the knowledge threshold of “deliberate indifference to a known risk” — connoting recklessness. The Supreme Court rejected that standard, replacing it with the higher threshold of “knowledge under the doctrine of willful blindness” — a doctrine it borrowed from criminal law. Unlike the more permissive standards of recklessness and negligence, “willful blindness” cannot be satisfied unless defendant both (1) subjectively believes that there is a high probability that a fact exists, and (2) takes deliberate actions to avoid learning of that fact. Despite applying this higher threshold, the Supreme Court affirmed the Federal Circuit's judgment of induced infringement in *Global-Tech*, ruling that the evidence was more than sufficient for a jury to find that defendant subjectively believed there was a high probability that plaintiff's product was patented and took deliberate steps to avoid learning that sales of its “knockoff” product were infringing.

While the “willful blindness” standard is certainly an improvement over the Federal Circuit's “deliberate indifference to a known risk” standard, there is a strong argument that even the “willful blindness” standard is too permissive because inducement under §271(b) should not be possible absent “actual knowledge” that the induced acts are infringing. As Justice Anthony Kennedy points out in his dissent, “Willful blindness is not knowledge.” Unless defendant knows both that a patent exists, and that it is infringed

by the induced acts, defendant arguably should not be found to have “knowledge that the induced acts constitute patent infringement” — the standard purportedly embraced by the majority.

The debate between “actual knowledge” and “willful blindness,” however, will likely turn out to be academic, given that only cases with extreme facts, analogous to those in *Global-Tech*, should survive summary judgment of no inducement if “actual knowledge” is not present. In *Global-Tech*, the Supreme Court cited five key facts in support of its affirmance under the “willful blindness” standard.

First, plaintiff’s product, a “cool touch” deep-fryer, was innovative, and enjoyed significant commercial success.

Second, defendant copied “all but the cosmetic features” of plaintiff’s product.

Third, to launch its copying campaign, defendant made the “revealing” decision to purchase a fryer sold by defendant in Hong Kong, rather than one sold in the U.S., knowing that foreign-sold products were unlikely to be marked with the numbers of embodied U.S. patents.

Fourth, although defendant obtained an opinion of counsel that its product did not infringe U.S. patents, it concealed from its counsel that its product was “simply a knockoff” of plaintiff’s, and counsel therefore did not consider plaintiff’s pat-

ent in his analysis. This “even more telling” concealment decision was made by defendant’s CEO and president, whose unfortunate last name was Sham.

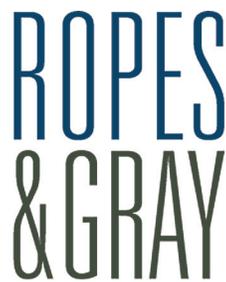
Fifth, even after an initial lawsuit was filed that unquestionably provided defendant “actual knowledge” of the patent, defendant continued to sell its “knock-off” product to a variety of third parties, knowing they would be sold in the U.S.

Moreover, in *Global-Tech*, the success of plaintiff’s product was based on a single innovative feature — an insulation layer separating the metal frying pot from the outer housing, allowing it to remain cool. This fact, coupled with the fact that defendant copied “all but the cosmetic features” of plaintiff’s product, strongly suggested that defendant’s product would infringe any patent on plaintiff’s product. This is an unusual circumstance, and far different than the more typical case involving complex products with many arguably innovative features.

In this more typical scenario, even if one company has reason to suspect that a competitor’s complex product is the subject of some patent coverage, that alone would not suggest that the feature-at-issue is patented, let alone reveal the scope of any such claims. In a case with facts less extreme than in *Global-Tech*, evidence leading a company to believe that

its competitor’s product probably enjoys some patent coverage therefore typically will not be sufficient for the company to conclude that any specific feature of its own product infringes any given claim of a patent owned by the competitor.

For these reasons, although the “willful blindness” standard arguably creates unnecessary uncertainty, *Global-Tech* should do much more good than harm in deterring spurious allegations of induced infringement. The Supreme Court has now made clear that inducement requires either actual knowledge of infringement, or a “willful blindness” state of mind more culpable than recklessness, such that defendant must not only subjectively believe that infringement is highly probable, but also take deliberate actions to avoid learning of that infringement. This requisite mindset is missing, for example, if defendant didn’t know of the patent, and didn’t take active steps to evade such knowledge. A finding of inducement also would be precluded by good faith reliance on credible arguments that the patent was noninfringed, invalid or unenforceable. And in the now-common scenario of nonpracticing entities asserting patents with no notice, *Global-Tech* should all but eradicate claims of induced infringement.



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