February 23, 2017

Life Technologies Corp. v. *Promega Corp.*

Supreme Court Holds That Infringement Under 35 U.S.C. § 271(f)(1) Requires Providing More Than One Component of an Invention

SUMMARY

The patent statute, 35 U.S.C. § 271(f)(1), prohibits the supply from the United States of "all or a substantial portion" of the components of a patented invention for combination abroad. The Supreme Court held unanimously yesterday in *Life Technologies Corp.* v. *Promega Corp.*[1] that a party that supplies only a single component of a multicomponent invention for assembly abroad cannot be held liable for infringement under Section 271(f)(1). The decision sets out a bright-line test that rules out infringement in one situation, but creates substantial uncertainty regarding other circumstances in which the statute may be applied.

BACKGROUND

In the wake of the Supreme Court's 1972 decision in *Deepsouth Packing Co.* v. *Laitram Corp.*,[2] limiting extraterritorial application of the U.S. patent laws, Congress enacted statutes that created infringement liability in certain circumstances for exporting one or more components of an invention for assembly abroad. In particular, 35 U.S.C. § 271(f)(1) provides that:

> 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.[3]

Promega's U.S. Reissue Patent No. 37,984 claims a tool kit for genetic testing. Defendant Life Technologies manufactures such kits—which the parties agreed are comprised of five components—in

the United Kingdom. Four of the components of those kits are also manufactured in the U.K., but the fifth component, an enzyme known as *Taq* polymerace, is manufactured by Life Technologies in the United States and shipped to the U.K. for combination with the other components.

At trial, the jury found that Life Technologies had willfully infringed the '984 reissue patent under Section 271(f)(1).[4] Life Technologies moved for judgment of noninfringement as a matter of law notwithstanding the verdict, on the ground that the phrase "all or a substantial portion" in Section 271(f)(1) does not apply to the supply of a single component of a multicomponent invention. The district court granted the motion. On appeal, the Court of Appeals for Federal Circuit reversed, holding that, because the definition of "substantial" is "important" or "essential," a single important component can constitute a "substantial portion of the components."[5]

THE SUPREME COURT'S DECISION

In a 7-0 decision[6] authored by Justice Sotomayor, the Supreme Court reversed the Federal Circuit, and held that the supply of a single component of a multicomponent invention is not an infringing act under Section 271(f)(1), because a single component cannot, as a matter of law, be a "substantial portion of the components of a patented invention." The Court rejected the Federal Circuit's conclusion that the phrase "substantial portion of the components" should be interpreted qualitatively, to reflect the substantial *importance* of a particular component, and instead held that it should be defined only in a quantitative way, to mean a substantial *number* of components.

In her decision, Justice Sotomayor first looked to the text of the statute. While acknowledging that the common understanding of "substantial" can refer to either qualitative importance or quantitatively large size, she found that Section 271(f)(1)'s use of the terms "all" and "portion" conveyed a quantitative meaning. She also reasoned that a qualitative interpretation would render the phrase "of the components" in the statute unnecessary. In addition, she found, a qualitative interpretation would not be "administrable." It would be difficult for a jury—or a competitor trying to avoid infringement—to determine the relative importance of any particular component because "a great many components of an invention (if not every component) are important," and "[f]ew inventions . . . would function at all without any one of their components."[7]

After deciding on a quantitative interpretation, Justice Sotomayor next determined that, as a matter of law, a single component cannot constitute a "substantial portion" of a multicomponent invention under Section 271(f)(1), for three reasons. *First*, she found that the statute's use of the term "components, plural, indicates that multiple components constitute the substantial portion."[8] *Second*, allowing Section 271(f)(1) liability to be triggered by the supply of a single component would "undermine" and "leave little room" for Section 271(f)(2), which provides that infringement liability for supplying a single component should be found only where the single component is "especially made or especially adapted for use in the invention and not a staple article or commodity of commerce suitable for substantial noninfringing use."[9] *Third*, her

conclusion was supported by the history of Section 271(f)(1), which was intended to fill a gap in the enforceability of patents by reaching components that were manufactured in the United States but assembled overseas, and thus were beyond the reach of the patent laws under *Deepsouth.*

Justice Alito, joined by Justice Thomas, concurred in the Court's decision, but refused to join the final section of the opinion regarding *Deepsouth*. He noted that "today's opinion establishes that more than one component is necessary, but does not address how much more."[10]

IMPLICATIONS

The Court's decision in *Life Technologies* creates a bright-line rule that infringement liability under Section 271(f)(1) cannot be triggered by the assembly of a multicomponent invention outside the United States, if only one of its components was supplied from this country.

However, the decision creates new uncertainty regarding the applicability of Section 271(f)(1) in other circumstances. This uncertainty may reduce the extent to which the statute is invoked by patentees, but may also make it more difficult for manufacturers to determine whether or not they infringe under the statute. For example, as both the Court and Justice Alito noted, the decision does not address how many components—beyond one—are necessary to constitute a "substantial portion." A majority? Half? Any number less than half but more than one? Perhaps more importantly, because the parties had agreed that the invention at issue in *Life Technologies* consisted of five components, the 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."[11] Absent such an agreement by litigation parties, judges and juries will have to make these determinations on a case-by-case basis. As a result, at least in the near term, the decision may make it more difficult for a market participant to determine whether or not a particular manufacturing process or strategy infringes under Section 271(f)(1).

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ENDNOTES

[1] 580 U.S. __, No. 14-1538 (Feb. 22, 2017).

[2] 406 U.S. 518 (1972).

[3] A companion statute, Section 271(f)(2) provides that it is an act of infringement to supply for the United States "any component of a patented invention that is especially made or especially adapted for use in the invention and not a staple article or commodity of commerce suitable for substantial noninfringing use . . . knowing that such component is so made or adapted and intending that such component will be combined outside of the United States in a manner that would infringe the patent if such combination occurred within the United States."

[4] Promega licensed the patent to Life Technologies for use in law enforcement, but alleged that Life Technologies infringed by selling its tool kits outside the scope of the license, for research and clinical use.

[5] *Promega Corp.* v. *Life Technologies Corp.*, 773 F.3d 1338, 1353 (Fed. Cir. 2014).

[6] Chief Justice Roberts did not participate in the case.

[7] 580 U.S. __, No. 14-1538, slip op. at 7.

[8] *Id.* at 8.

[9] *Id.* at 9-10.

[10] 580 U.S. __, No. 14-1538 (2017) (Feb. 22, 2017) (Opinion of Alito, J.).

[11] 580 U.S. __, No. 14-1538, slip op. at 2 n.2.

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