Published on *The National Law Review* https://natlawreview.com

Supreme Court to Weigh in on Induced Infringement

Article By:

Warren W. Harris

On October 12, 2010, the Supreme Court granted *certiorari* in *Global-Tech Appliances v. SEB S.A.*, Supreme Court Case No. 10-6, decision below *SEB S.A. v. Montgomery Ward & Co.*, 594 F.3d 1360, regarding the standard for actively inducing infringement. The question presented to the Supreme Court is as follows: "Whether the legal standard for the state of mind element of a claim for actively inducing infringement under 35 U.S.C. § 271(b) is 'deliberate indifference of a known risk' that an infringement may occur, as the Court of Appeals for the Federal Circuit held, or 'purposeful, culpable expression and conduct' to encourage an infringement, as this Court taught in *MGM Studios, Inc. v. Grokster, Ltd.*, 545 U.S. 913, 937, 125 S. Ct. 2764, 2780, 162 L. Ed. 2d 781, 801 (2005)?"

This case involves home-cooking appliances. A jury found the defendant had both induced infringement and willfully infringed the patent-in-suit and awarded $4.65 million in damages. Based on post-trial briefing, the district court reduced the damages award by $2 million and found that the defendant did not willfully infringe. On appeal, the Federal Circuit affirmed the judgment of the district court. The Federal Circuit acknowledged that in *DSU Medical* it had previously stated that "[t]he requirement that the alleged infringer knew or should have known his actions would induce actual infringement ***necessarily includes the requirement that he or she knew of the patent***." *DSU Med. Corp. v. JMS Co.*, 471 F.3d 1293, 1304 (Fed. Cir. 2006) (en banc in relevant part), but explained that *DSU* did not "set out the metes and bounds of the knowledge-of-the-patent requirement."

As part of this appeal, the Defendant argued that it had no actual knowledge of the patent during the time it was selling the products and therefore could not be liable for indirect infringement. The relevant issue was whether the knowledge requirement of indirect infringement is an objective or subjective test. The Federal Circuit resolved the issued by determining that the jury's verdict could be supported with a finding of deliberate indifference to a known risk. The Federal Circuit stated that "deliberate indifference . . . is a form of actual knowledge" and found it to support the jury's finding of the specific intent required for indirect infringement. The jury's conclusion was supported in part by the Defendant having deliberately copied the Plaintiff's product. Although the Defendant commissioned a right-to-use study, it did not tell its attorney that the product had been copied. In addition, the Defendant provided no evidence to show that it actually believed that the copied product was not covered by a patent. Thus, the Federal Circuit has called into question the knowledge requirement set forth in *DSU Medical*. This is the issue upon which *certiorari* was granted, and we expect that, through this case, the Supreme Court will determine the legal standard for what the knowledge requirement is for a claim of induced infringement.

Many of our clients face allegations of indirect infringement. Indirect infringement claims are common when providing components or software for end products or in cases involving method claims in which end customers are performing the acts alleged to directly infringe. The test for the knowledge requirement in these indirect infringement cases could greatly affect potential liability in these cases, particularly when sued by non-practicing entities allege infringement prior to any contact regarding the patent.

National Law Review, Volume , Number 288