

US Supreme Court Holds That Exporting One Component of Invention Abroad Does Not Suffice for Patent Infringement

2/23/17

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In a 7-0 decision issued on February 22, 2017, in *Life Technologies Corp. v. Promega Corp.*, the U.S. Supreme Court held that exporting a single component of a multicomponent invention for combination abroad does not give rise to patent infringement under 35 U.S.C. § 271(f)(1). In so holding, the Court defined the statutory requirement that a “substantial portion” of the components of the patented invention be supplied from the United States to be a quantitative assessment, rejecting the U.S. Court of Appeals for the Federal Circuit’s qualitative assessment that a “main” or “major” component of the invention supplied by the United States would suffice for liability. As a result, the Supreme Court opined that “when ... a product is made abroad and all components but a single commodity article are supplied from abroad, this activity is outside the scope of the statute.”

Procedural Background

Respondents Promega Corp. and Max-Planck-Gesellschaft zur Förderung der Wissenschaften EV (together, Promega) sued petitioner Life Technologies Corporation and its subsidiaries (Life Technologies) for infringement of several patents, including one directed to a toolkit for genetic testing. The kit, which is used to amplify small samples of DNA for forensic analysis as well as for clinical and research purposes, is comprised of five components. During the relevant time period, Promega sublicensed this patent to Life Technologies for the manufacture and sale of the kits for limited forensic applications, but the license did not cover the clinical and research markets.

Life Technologies manufactured one component — the *Taq* polymerase — in the United States but manufactured all other components in the United Kingdom and combined all of the components of the kit in the U.K. Promega later sued Life Technologies for selling kits outside the licensed fields of use and alleged liability under Section 271(f)(1) by virtue of Life Technologies’ U.S. manufacturing of the *Taq* polymerase component of the invention.

The jury returned a verdict of \$52 million in favor of Promega based on willful infringement. However, the district court set aside the verdict, finding that the supply of a single component of a multicomponent invention could not support infringement under Section 271(f)(1) because this statute required that “all or a substantial portion of the components of a patented invention” be supplied in the United States.

On appeal, the Federal Circuit reversed and reinstated the jury verdict, ruling that a single important component can constitute a “substantial” portion of the components of an invention under Section 271(f)(1) and that the *Taq* polymerase was such a component. The Federal Circuit rejected a bright-line test that would require more than one component, reasoning that the dictionary definition of “substantial” includes “important” and “essential.” The Federal Circuit also relied on expert testimony as evidence that the *Taq* polymerase was an important component of the patented kit. The Supreme Court granted *certiorari* to determine whether a party that supplies a single component of a multicomponent invention for manufacture abroad can be held liable for infringement under Section 271(f)(1).

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The Supreme Court's Decision

In a decision authored by Justice Sonia Sotomayor, the Supreme Court held that the supply from the United States of a single component of a multicomponent invention combined abroad does not suffice to warrant liability under Section 271(f)(1). The Court interpreted the “substantial portion of the components” requirement to be a quantitative test as to the number of components supplied from the United States and rejected the Federal Circuit’s qualitative test (*i.e.*, whether the component in question is important). The Court acknowledged that the term “substantial” was ambiguous but found that the surrounding words in the statute required this interpretation so as to avoid rendering the phrase “of the components” unnecessary. The Supreme Court also rejected Promega’s proposal that the Court adopt a quantitative and qualitative test to be applied on a case-by-case basis, noting that the Court’s “task is to resolve that ambiguity, not to compound it by tasking juries across the Nation with interpreting the meaning of the statute on an ad hoc basis.”

The majority opinion also analyzed the legislative history of Section 271(f)(1), noting that the statute was enacted to “fill a gap in the enforceability of patent rights” following the Supreme Court’s decision in *Deepsouth Packing Co. v. Laitram Corp.* that making or using a patented product outside of the United States was not infringement. Justices Samuel A. Alito, Jr. and Clarence Thomas did not join this portion of the majority opinion but concurred with the remainder of the opinion and the judgment.

While the Supreme Court made clear that a single component cannot be considered a “substantial” portion of the components, the Court did not set forth a standard for determining the number

of components that need be supplied from the United States to warrant liability under Section 271(f)(1). In fact, in his concurring opinion, Justice Alito commented that he did not read the majority decision to suggest that “*any* number greater than one is sufficient,” noting instead that “today’s opinion establishes that more than one component is necessary, but does not address *how much* more.”

Implications for Patent Litigants

The Supreme Court’s ruling follows many reversals of Federal Circuit rulings favoring the patent owner or exclusive licensee. The decision is likely to have at least the following implications for patent litigants:

- Future disputes will likely focus on the number or percentage of components required to be supplied from the United States in order to be considered a “substantial portion.”
- The holding that a single component cannot suffice to meet the “substantial portion” requirement may imply that even in a two-component invention, the provision of 50 percent of the components would not be “substantial.” In addition to having potential ramifications for future disputes as to the sufficient quantities of components required for liability under Section 271(f)(1), this definition could impact interpretations of the term “substantial” in other contexts.
- Disputes may arise surrounding how to define the component parts of an invention, with parties seeking to reduce or increase the number of components.
- Where practical, patent applicants may consider limiting the number of component parts of claimed inventions.

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