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Federal Circuit Friday

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In *Syngenta v. Willowood et al.* (December 18), the Federal Circuit clarified that infringement under § 271(g), in contrast to infringement of process patents under §§ 271(a), (b), and (c), does ***not*** require the patented process steps to be performed by a single entity. The principle reason is that under § 271(g) the use of the patented process is neither part of the infringing act giving rise to liability nor required by the statute to be an "infringing" use; rather, the use of the process under § 271(g) is explicitly recognized as a non-infringing, extraterritorial act that serves solely as a predicate to liability.

Section 271(g) provides that "Whoever without authority imports into the United States or offers to sell, sells, or uses within the United States a product which is made by a process patented in the United States shall be liable as an infringer . . . ." In this case, Willowood imported a product, a pesticide called azoxystrobin, from China and sold it within the United States. There was no dispute the product had been made in China using a process covered by a Syngenta process patent in the United States. Instead, the dispute centered on whether the process was performed by a single entity in China. The District Court determined that the single entity rule established for direct infringement under § 271(a) applies to the requisite use of the patented process in § 271(g) and, finding a disputed issue of material fact on the single entity issue, denied summary judgment of infringement.

The Federal Circuit vacated the District Court's decision, holding that § 271(g) "does not require a single entity to perform all of the steps of a patented process for infringement liability to arise from the importation into the United States or offer to sell, sale, or use within the United States of a product made by a process patented in the United States."

This case emphasizes the importance of the statutory text and illustrates several other important and useful points regarding patent infringement and statutory interpretation.

1. Statutory Language – The Infringing Act. The infringing act under 271(g) is the importation, sale, offer to sell, or use of a particular kind of product (*i.e.,* one that was made using a US-patented process). The use of the patented process is not itself the infringing act; rather, the use of the process is a predicate act necessary to create the kind of product whose importation, sale, etc., within the United States triggers liability.

   In contrast, the infringing act under 271(a) is the use of a patented process within the United States.[1] Thus, under 271(a) performance of the patented process is *the infringing act* while under 271(g) performance of the patented process merely creates the product that is *the object of* the infringing act.

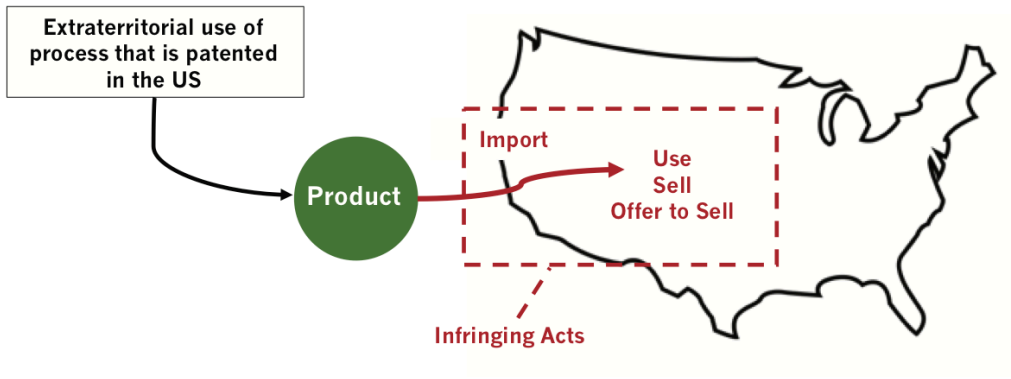
   The Federal Circuit explained that "[n]othing" in the language of 271(g) "suggests that liability arises from *practicing* the patented process abroad. Rather, the focus is only on acts with respect to *products* resulting from the patented process."[2]

2. The "Single-Entity Rule" Has No Applicability to 271(g). The single-entity rule was established to ensure that liability for direct infringement under 271(a) arises only where a single entity either performs each of the process steps itself or is legally responsible for others' performance of some or all of the process steps.[3] This

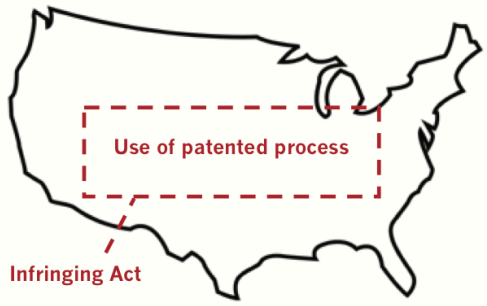
[1] The Federal Circuit has recognized that acts of importing, selling, or offering to sell a process could, potentially, be infringing under 271(a) provided that all steps of the patented method are performed within the United States. *See, e.g., NTP, Inc. v. Research in Motion, Ltd.,* 418 F.3d 1282 (Fed. Cir. 2005).

[2] Slip Op. at 23 (italics in original).

[3] *See, e.g., Akamai Technologies., Inc. v. Limelight Networks, Inc.,* 797 F.3d 1020, 1022 (Fed. Cir. 2015)("Direct infringement under § 271(a) occurs where all steps of a claimed method are performed by or attributable to a single entity); *BMC Resources, Inc. v. Paymentech, L.P.,* 498 F.3d 1373, 1380 (2007) ("Infringement requires, as it always has, a showing that a defendant has practiced each and every element of the claimed invention. This holding derives



271(g)



271(a)

rule, which is rooted in common law concepts of joint tortfeasors, concerted action, and vicarious liability, ensures that liability does not arise where multiple entities independently perform acts that are each themselves innocent but that in the aggregate amount to performance of a patented process.[4]

The Federal Circuit explained that because (i) the use of a US-patented process outside the United States is not an infringement, and (ii) the infringing act under 271(g) is the importation, etc., of a product, "the single-entity requirement, which is necessary for direct infringement liability under 271(a), has no application to acts that do not constitute infringement under 271(g)."

3. 271(b) & (c) Require Predicate 271(a) Infringement. The single entity rules applies in cases of inducement and contributory infringement because each of those forms of infringement require an underlying act of direct infringement under 271(a). In particular, each of sections 271(b) and (c) expressly requires underlying "infringement" of a patent while 271(g) only requires the product to be "made by" a process.

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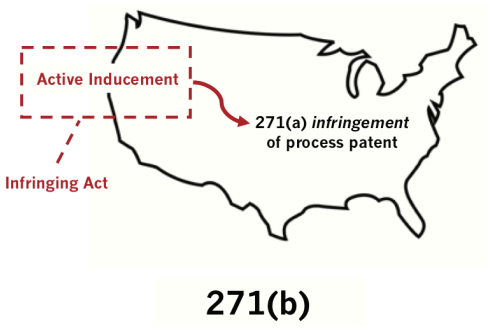
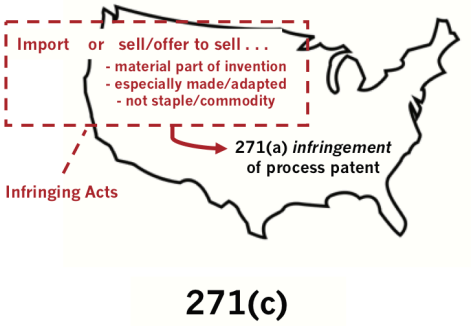
from the statute itself, which states 'whoever without authority makes, uses, offers to sell, or sells any patented invention within the United States, or imports into the United States any patented invention during the term of the patent therefor, infringes the patent.' Thus, liability for infringement requires a party to make, use, sell, or offer to sell the patented invention, meaning the entire patented invention.")(citations omitted).

[4] Instead, infringement under 271(a) requires a single entity be responsible for each of requisite acts constituting infringement by (i) performing each of the steps of a patented method itself, (ii) directing or controlling others' performance of one or more of the acts (*e.g.,* by contracting, using agents, or conditioning participation or benefits on performance by another of one or more of the acts), or (iii) forming a joint enterprise.



271(b)



271(c)

The Federal Circuit explained that, in contrast to 271(b) and (c), "infringement liability under § 271(g) is not predicated on direct infringement of the patented process, and we will 'not read into the patent laws limitations and conditions which the legislature has not expressed.'" Thus, because 271(g) does not invoke 271(a) ***infringement*** as a predicate, all that is needed is a ***use*** of the process and 271(a)'s single entity rule is not implicated.

4. Congress Knew How to Require 271(a) "Infringement" as an Element. In contrast to 271(g), 271(f) expressly requires, among other things, the " combination of . . . components outside of the United States in a manner *that would infringe the patent if such combination occurred within the United States*." Thus, "[i]f Congress intended to limit liability under § 271(g) to instances where the patented process was practiced in a manner that would infringe the patent if such practice occurred within the United States . . . it 'knew precisely how to do so.'"[5]

5. Look Closely At Related Statutory Provisions. Section 287(b) limits available damages under 271(g), providing, in part, that its limitations "shall not be available to any [infringer under § 271(g)] who . . . had knowledge *before the infringement* that a patented process *was used* to make the product *the importation, use, offer for sale, or sale of which constitutes the infringement*."[6] The italicized portions "make[] clear that the act of infringement under § 271(g) occurs after a patented process has already been used" and "because practicing a patented process does not trigger liability under § 271(g), it is immaterial whether that process is practiced by more than a single entity."[7]

6. Consider Policy Issues. The Federal Circuit also cited an "undue evidentiary burden on patentees" if the single entity rule applied to 271(g). Congress already expressly recognized a problematic evidentiary burden on patent owners under 271(g) to prove that their US-patented process was actually used to make the product, and therefore provided a "rebuttable presumption in § 295 that shifted the burden to the accused infringer to prove that the patented process was not used in manufacturing the accused products."[8]

   Having recognized that evidentiary burden and provided a mechanism to lessen it, the Federal Circuit asserted that it was unlikely that Congress would have intended to impose the even more difficult burden on a patent owner of proving that a single entity had practiced the process and made the product: "Congress would not have on the one hand recognized the difficulty in determining *how* a product was manufactured, and on the other hand concluded that determining *who* manufactured the product would be an easy exercise so as to require patentees to prove that a single manufacturer practiced the claimed process."[9]

   Indeed, this practical effect regarding evidentiary burden is the primary practice point from this case – 271(g) infringement cases are easier to prove in the absence of a 271(a)-style single entity rule.

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[5] Slip Op. at 25-26 (quoting *Limelight Networks, Inc. v. Akamai Techs., Inc.*, 572 U.S. 915, 923 (2014))(internal brackets omitted). Note that the decision implicitly suggests that the 271(a) single entity rule ***does*** apply to 271(f)'s assembly of the components outside the United States.

[6] Italics added by Federal Circuit in quoting this provision.

[7] Slip Op. at 27.

[8] *Id.* at 29

[9] *Id.* at 29-30 (italics in original).