

## Attys React To High Court's Induced Infringement Ruling

*Law360, New York (May 26, 2015, 9:10 PM ET)* -- On Tuesday, the U.S. Supreme Court ruled a good faith belief that a patent is invalid is not a defense to induced infringement. Here, attorneys tell Law360 why the decision in *Commil USA LLC v. Cisco Systems Inc.* is significant.

### Steven M. Coyle, Cantor Colburn LLP



“The elimination of this relatively new defense makes it easier to prove induced infringement. While a good faith belief that accused conduct does not infringe remains a viable defense to inducement, a good faith belief that the patent is invalid does not. This defense had a simple logic to it: one cannot intend to induce infringement of a patent believed to be invalid. The Supreme Court, however, found the defense undermined the presumption of validity. There are other mechanisms to challenge the validity of a patent either at the USPTO or in court that are consistent with the presumption of validity. Given the current political climate, where Congress and the courts have been reining in patent rights, the *Commil* decision is one that bolsters, rather than restricts, rights of patent owners.”

### Matt Anderson, Munck Wilson Mandala

“This decision guards the rights of patent owners by ensuring that infringers are held to the proper standard when accused of contributory or induced infringement. Infringers are on notice that they can no longer escape liability by claiming that, even if they knew that actions they are inducing violate a patent, they didn’t believe the patent was valid. The Supreme Court rules this defense is improper since a patent is legally presumed valid, and if a party wishes to avoid infringement liability on the basis of the invalidity of the patent, the party should formally attack the validity through the courts or [U.S. Patent & Trademark Office] procedures. This is a victory for patent owners.”

### Jon Beaupre, Brinks Gilson & Lione

“The Supreme Court’s *Commil* decision significantly changes the landscape of an inducement claim. On one hand, the court eliminated an entire type of defense to inducement by holding that a defendant’s belief regarding patent validity is not a defense to induced infringement. On the other hand, the court also reaffirmed, and arguably bolstered, the knowledge requirement for induced infringement. Taken

together, defendants accused of inducing infringement should focus on establishing a good faith belief of noninfringement rather than invalidity. One possible way to support such a good faith belief is to obtain an opinion of counsel regarding noninfringement.”

**Garrard Beeney, Sullivan & Cromwell LLP**

“While this decision bucks the recent trend of the court cutting back on the rights of patent holders, it does so at the expense of failing to fully consider a clear effect of patent law: a good faith belief that a patent is invalid (if proven) negates a belief that acts constituting inducement would infringe. As the dissent points out, one cannot 'infringe' an invalid patent. The Federal Circuit had it right, and this decision by the court is likely to generate more, not less, costly litigation as those accused of inducement, and even those merely contemplating activities that could arguably induce infringement, will now have to consider taking action before the courts or agencies to prove invalidity, or fail to do so at their peril.”

**John A. Boudet, GrayRobinson PA**

“This is an important ruling that will impact not only litigation, but also the way that opinion letters are written. While proving induced infringement still presents significant challenges, this decision unquestionably makes a plaintiff’s task a great deal easier.”

**Karen H. Bromberg, Cohen & Gresser LLP**

“The good-faith invalidity defense under Commil was a threat to the continued viability of induced infringement claims. Defendants accused of induced infringement routinely raised Commil as a powerful defense with practitioners correctly advising their clients to obtain an opinion of counsel to support a good faith belief of invalidity to defeat an inducement claim. Under the Commil rule, a trier of fact could easily conclude that reliance on an opinion negated an intent to induce infringement. This likely had a chilling effect on the number of claims for indirect infringement. Today’s SCOTUS decision may well reverse that trend.”

**Cole Carlson, GrayRobinson PA**

“This is a good decision for patent owners. Alleged inducing infringers will not be able to rely on their 'good faith' belief in whether or not the asserted patent [is valid]. They can’t just say 'we don’t believe the patent is valid' and wipe their hands of the burden. If their belief turns out to be true, they will be able to invalidate the patent and avoid liability. The Supreme Court here has confirmed that, in light of a patent’s presumption of validity, the accused infringer should bear the burden of proving whether or not its good faith belief in invalidity is justified.”

**Scott A.M. Chambers, Porzio Bromberg & Newman PC**

“While the court has been very hard on patents and patent owners in the recent past, Commil rejects the position that a good faith belief in a patent’s invalidity is a defense to a charge of induced infringement. Defendants can often craft argument suggesting a patent is invalid. A lack of technical training in the judiciary exacerbates this problem. Had the court concluded a belief of invalidity would defeat an inducement charge, it would have left patent owners with a dramatic financial loss of all past damages. The court did embrace the position that a non infringement belief frees the infringer from past damages. While this still permits infringers to avoid past damages with an assertion of non infringement, it is often more difficult to argue non infringement than invalidity. A partial victory for patent owners is better than nothing.”

**Jim Day, Farella Braun & Martel LLP**

“The court’s central ruling is ‘that infringement and invalidity are separate matters under patent law,’ and therefore Section 271(b) can be read to apply to induced infringement of a patent as opposed to induced infringement of a valid patent. The ruling reverses the premise underlying the Federal Circuit decision that it is ‘axiomatic that one cannot infringe an invalid patent.’ Though not discussed by the court, its decision will provide new arguments on willful infringement issues — can it be harmonized with, or does it reverse, cases where willfulness is negated based on a good faith belief of patent invalidity?”

**David Donoghue, Holland & Knight LLP**

“The majority makes a rational distinction separating infringement from invalidity. But the distinction is both harmful and impractical in this instance, as Justice [Antonin] Scalia recognizes in dissent. While patents are presumed valid, it is irrational to hold a party liable for intentional infringement of a patent that the party reasonably believed to be invalid. In practice, this decision will force more litigation and related expense in the form of declaratory judgment suits and Patent Office Inter Partes Reviews.”

**John Dragseth, Fish & Richardson PC**

“The decision is one that could have gone either way, and it’s just nice that we have an answer. In any event, even though invalidity cannot be used as a defense for inducing infringement, there are still many reasons to get good legal advice about patent validity. Also, this decision makes the availability of post-grant proceedings even more important, because they allow parties to challenge bad patents for relatively low costs. The most interesting part of the opinion may be buried on page 9, where the majority suggests that a defendant who has a reasonable, but incorrect, interpretation of the patent could be off the hook for infringement. It will be interesting to see how parties will take advantage of such a statement.”

**Alex Giza, Hueston Hennigan LLP**

“It was the best foreseeable outcome: The court took the middle road in Commil, issuing a decision that upheld the high standard required for indirect infringement but rejecting the invitation to eliminate indirect infringement altogether. The court reaffirmed its opinion in Global-Tech Appliances v. SEB that indirect infringement requires proof that the defendant knew not just that the induced acts might infringe, but that the acts were infringing — a standard that will be difficult for patentees to prove. However, indirect infringement cannot be avoided by a defendant generating a good faith belief in invalidity, which could likely be done in almost every patent case.”

**Shawn Hansen, Nixon Peabody LLP**

“Commil is one of the few bright spots for patentees in recent Supreme Court patent cases. The court held it is not possible to negate the specific intent required for inducement on the basis of a good faith belief in invalidity, which makes the patentee’s burden on inducement substantially easier to meet. This raises the question whether the same logic applies to willfulness. I anticipate that patentees may seek to leverage the logic of Commil to argue that a good faith belief in invalidity should not be a defense to willfulness, either.”

**Stephen Hash, Vinson & Elkins LLP**

“An interesting aspect of the court’s decision is its final focus on the role of district courts in dissuading frivolous litigation. While frivolity was not raised by the parties or facts, the majority devoted its last

substantive paragraph to the district courts' 'authority and responsibility' to dissuade frivolous litigation using the threat of attorney sanctions. However, it's unclear how effective district courts can be at dissuading frivolous litigation because those cases either settle very early or defendants must spend millions of dollars in the hopes of proving that the case is frivolous."

**Allen E. Hoover, Fitch Even Tabin & Flannery LLP**

"Today's Commil decision answers a significant, but somewhat narrow, question of patent law. The decision does eliminate any doubt on the particular questions that the Supreme Court answered relating to the defendant's knowledge and belief, and in cases where those facts are at issue, the Commil decision will, of course, control. In the majority of patent cases, however, either these questions are not at issue or they are not the dispositive factor in driving settlement. Nothing in Commil affects the Seagate standard for willful infringement, so I don't see this case as significantly affecting the question of whether a party concerned with a third-party patent should obtain a written opinion of counsel. One aspect of Commil that may be significant is that the court did not use this case as a vehicle to weaken U.S. patent rights, as we saw with a number of cases in the court's last term."

**William Jackson, Boies Schiller & Flexner LLP**

"The decision is not a surprise and is based on logical legal principle: the patent owner must merely prove that the other party knew of the patent and intended to induce infringement — not that the party had any particular belief about validity. A contrary decision would have incited inducers to create documents, rationales and justifications as to their subjective belief of invalidity. It also may have confused the jury and forced patent owners to prove both that the patent was valid and that the defendant believed the patent was valid — undermining the principle that patents are presumed to be valid and must be shown to be invalid by clear and convincing evidence. It's interesting that the court also went out of its way in a decision not involving patent trolls to add a section on the end of the majority opinion reinforcing the idea that sanctions are available for frivolous filings and 'exceptional cases.' This suggests that the court was encouraging the lower courts to use those tools to limit the effect of patent trolls."

**Matthew L. Kaufman, Leason Ellis LLP**

"Uncoupling the issues of validity and infringement, the court reiterates that the validity of a patent is irrelevant to an analysis of whether all elements of a given claim are satisfied and, therefore, cannot serve as a defense to infringement. Indeed, any such good-faith defense would undermine the statutory remedy set forth by Section 271(b). Attention should be turned toward an analysis of elements required to infringe asserted patents and the manner in which a company may be instructing or otherwise encouraging its clients and users to perform such elements, which should be properly memorialized in an opinion of counsel."

**Leo Lam, Kecker & Van Nest LLP**

"By foreclosing a good-faith belief in invalidity as a defense to induced infringement, the court's decision in Commil is problematic for defendants for obvious reasons. This is especially the case when invalidity is the primary defense, and we've all seen patent claims that are overbroad on their face absent some tortured construction."

**Jeffrey I.D. Lewis, Fried Frank Harris Shriver & Jacobson LLP**

"Importantly, the court noted that not every Patent Code section should be used to fight so-called patent trolls. Commil is consistent with both the Patent Law's distinction between liability and

infringement and the goals of the 2011 America Invents Act. Allowing an accused inducer of infringement to rely on counsel's opinion would raise the cost of litigation, contrary to the aims of the America Invents Act, and encourage old-time discovery fights over opinions of counsel, which should have ended because of decisions such as Seagate and Knorr-Bremse."

**Benjamin Lieb, Sheridan Ross PC**

"The Supreme Court's decision today in Commil, holding that belief of patent invalidity is not a defense to the scienter element for a claim of induced infringement, is at first surprising given the string of recent Supreme Court decisions considered anti-patent. The decision makes clear that patent invalidity is not a defense to infringement, but is only a defense to liability. Thus as a practical matter, the decision eliminates the ability of accused infringers to rely upon patent invalidity as a defense to any form of infringement — direct, contributory or induced — including a claim that the infringement was willful."

**David W. Long, Kelley Drye & Warren LLP**

"The Supreme Court drew a bright-line: believing a patent is invalid is no defense to induced infringement, and also weighed in on the patent reform debate, where vague infringement assertions are used to leverage settlements based on the litigation costs rather than the merits. The solution lies in existing procedural deterrents rather than weakening patent rights. The court also stressed that inducement requires more than just knowledge of the patent — such as from a vague demand letter identifying a patent — but requires knowledge that the patent is infringed. Inducement cases might be dismissed early on the pleadings if a patent owner provides only vague infringement allegations that would not raise a belief that the patent is infringed."

**Katie Moerke, Stinson Leonard Street LLP**

"The immediate consequence of the Supreme Court's decision is that companies accused of inducing patent infringement will have one less defense available to them. In particular, they will have one less defense that can be very helpful to defend against the type of patent claims often asserted by non-practicing entities. The longer-term significance of the decision may be how other patent law doctrines relying on the principle that an invalid patent may not be infringed will be influenced given the Supreme Court's emphasis on the principle that 'infringement and validity are separate issues.'"

**James R. Nault, Robinson & Cole LLP**

"This case follows the trend of the last several years in that the Supreme Court showed again it is willing to reverse the Federal Circuit, when necessary, to prevent the Federal Circuit from going astray. But this case bucks the other recent Supreme Court patent trend of reducing patent holders' rights, as the court did in Alice and other recent cases. Here the court blocked a potentially extremely powerful defense to induced patent infringement, thereby strengthening the rights of patent holders."

**Brian Pandya, Wiley Rein LLP**

"Today's decision has a bit of everything for everyone. The case presents a helpful clarification of Global Tech that knowledge of a patent is not enough to meet the scienter requirements of inducement and that the accused infringer must know that the actions being induced constitute patent infringement. Most patent lawyers suspected that was the case — at least after Global Tech, if not after the Federal Circuit's decision in DSU Medical — but that was admittedly an open question."

**Vann Pearce, Orrick Herrington & Sutcliffe LLP**

“The most significant aspect of Commil is the dicta suggesting that defendants should not be liable for indirect infringement if they have a non-infringement argument based on a ‘reasonable’ claim construction. In light of those statements, Commil’s holding seems unlikely to substantially lower the bar for proving inducement in practice.”

**Donald Puckett, Skiermont Puckett LLP**

“There is a rich irony revealed by Commil. In recent years, the Supreme Court has substantially modified patent law making it easier to invalidate patents — Alice, Nautilus, KSR, etc. These cases provided a new basis for a good faith belief that certain patents issued under the old legal standards are now invalid. Yet, in Commil, the Supreme Court made that good faith belief of invalidity irrelevant as a defense to indirect infringement — and presumably also for willful direct infringement. The Commil ruling demonstrates that the court continues to struggle with the practical realities created by its own recent patent jurisprudence.”

**Joseph Re, Knobbe Martens Olson & Bear LLP**

“The Supreme Court has greatly simplified charges of indirect infringement. The court makes it clear that acts relating to infringement are separate from beliefs of invalidity. No longer can an alleged infringer complicate a charge of induced infringement by raising a good-faith belief of invalidity. And anything that simplifies a patent case is a worthwhile goal. Moreover, it has been a while since the Supreme Court ruled in favor of the patent holder. But the opinion continues the trend of the Supreme Court reversing the Federal Circuit on substantive patent law.”

**Tom Rein, Sidley Austin LLP**

“The Supreme Court struck a middle ground in affirming that a good faith belief of non-infringement is a defense to a claim of induced infringement while simultaneously rejecting that a good faith belief of invalidity should provide such a defense. The decision has importance to a number of pending inducement cases where the defense is grounded on an alleged good faith belief of invalidity and will put an end to the practice of seeking an opinion of outside counsel on invalidity to support an inducement defense. However, companies remain free to pursue opinions of counsel to support an alleged good faith belief of non-infringement.”

**Irena Royzman, Patterson Belknap Webb & Tyler LLP**

“The Supreme Court’s decision is a big win for the biotech and pharmaceutical industry, where method of treatment patents provide important protection for innovative medical therapies. The Federal Circuit’s good-faith belief in invalidity defense gutted liability for inducing infringement of such patents, even if they were ultimately found valid. The Supreme Court’s ruling allows these patents to be enforced against the companies that induce infringement, i.e., know that the patents are being infringed by the users of the therapies. It also deters at-risk launches before a district court decision on the validity and infringement of these important patents.”

**James Ryndak, Hinshaw & Culbertson LLP**

“The Supreme Court’s decision today in Commil is yet another rebuke and reversal of the Federal Circuit, holding that an alleged infringer’s belief that a patent is invalid is not a defense to an induced infringement claim. In striking down the Federal Circuit’s decision that a good faith belief of patent invalidity was a defense to inducing infringement, the court’s decision today strengthens the patent

system as it prevents undermining the presumption of patent validity that is accorded every issued patent and also prevents undermining the clear and convincing evidentiary standard required to overcome that presumption. Importantly, the Supreme Court also made clear that our patent laws have existing safeguards to protect defendants from frivolous patent infringement claims, and that infringement and validity are separate matters under patent law.”

**Marc S. Segal, Ballard Spahr LLP**

“The Supreme Court has closed the door on what would have been a substantial defense to induced infringement, and the decision will allay fears expressed by some that the Federal Circuit’s holding had all but eliminated inducement as a viable theory of infringement liability. The decision will also be cheered by industries in which inducement is often the only practical route for enforcement. The ruling may encourage those who would otherwise have relied upon their reasonable belief in invalidity as a defense to inducement to take advantage of the procedures for challenging validity, such as post-grant and inter partes reviews.”

**Matthew Siegal, Stroock & Stroock & Lavan LLP**

“The court’s re-affirmance and clarification of its Global-Tech holding that inducement requires knowledge that the induced activity comes within the scope of the claims, based on how the accused inducer understands the scope of those claims, is sure to have a lasting impact. Today’s decision in Commil is likely to increase the volume of non-infringement opinions in areas such as medical devices and internet-based methods or where foreign manufacturers sell to large retailers or directly over the internet and the only realistic claim for infringement is one of inducement. In today’s decision, the court seemed more concerned with addressing a gratuitous patent troll issue that was not part of the case than with whether they were providing patent infringement inducers a clear roadmap of how to avoid liability.”

**Steve Snyder, King & Spalding LLP**

"The court’s holding that induced infringement 'requires proof the defendant knew the acts were infringing' and that a reasonable non-infringing read of the claims is a defense notwithstanding different readings is likely the most significant aspect of Commil. Even for facially broad claims, defendants will often have reasonable positions that the claims should be interpreted more narrowly in a non-infringing way and therefore a clear defense to inducement. This clarification from the court will likely benefit defendants more than they will be harmed by the absence of a defense of a good-faith belief of invalidity."

**Charlie Steenburg, Wolf Greenfield & Sacks PC**

“Commil may ultimately benefit accused infringers because it clarifies Global-Tech and confirms that a 'reasonable' non-infringement position is a viable defense to inducement and contributory infringement. By contrast, the PTO had maintained that a defendant’s beliefs are irrelevant if the patentee provides direct infringement contentions and then establishes them in court. The Supreme Court disagreed and instead drew what may prove to be an illusory distinction between a good-faith belief in non-infringement and a good-faith belief in invalidity. We should anticipate opinion letters that apply narrow constructions justified on the theory that claims should be construed to sustain their validity.”

**Caroline Teichner, McAndrews Held & Malloy Ltd.**

“In its Commil decision, the Supreme Court correctly recognized the nuanced, but important differences between validity and infringement under the patent laws, and rightly rejected the overly simplistic view

that 'it is axiomatic that one cannot infringe an invalid patent.' This decision reminds us that the statutory presumption of validity is not to be taken lightly.”

**Rudy Telscher, Harness Dickey & Pierce PLC**

“The Supreme Court majority recognized the reality that 'induced' infringement could readily be avoided if a defendant could prevail by asserting a 'good faith' belief of patent invalidity. Invalidity defenses are present in most patent litigations. Yet, ironically a defendant can defeat an inducement allegation by asserting a good faith belief of non-infringement, a defense also present in most patent litigations. The dissent makes a valid point. If a defendant believes in good faith the patent claims are invalid, the defendant cannot believe its actions induce infringement. This inconsistency remains in the aftermath of the decision.”

**Francisco A. Villegas, Cohen & Gresser LLP**

“Frequently, a client’s initial reaction to a suit focuses on patent validity. While such a reflexive approach may have been reasonable until today, the Commil decision illustrates the importance of turning those early resources away from validity, and toward a thorough understanding of induced liability. As the majority held, by the time trial on induced infringement arrives, it will be too late to say, but 'I thought it was legal' because the asserted patent was believed to be invalid.”

--Editing by Emily Kokoll.