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Supreme Court, U.S.
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No. 14-

IN THE
Supreme Court of the United States

LIFE TECHNOLOGIES CORPORATION; INVITROGEN IP
HOLDINGS, INC.; APPLIED BIOSYSTEMS, LLC,

Petitioners,

v.

PROMEGA CORPORATION,

Respondent.

**On Petition for a Writ of Certiorari
to the United States Court of Appeals
for the Federal Circuit**

PETITION FOR A WRIT OF CERTIORARI

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QUESTIONS PRESENTED

35 U.S.C. § 271(f)(1) provides that it is an act of patent infringement to “suppl[y] . . . in or from the United States all or a substantial portion of the components of a patented invention, . . . in such manner as to actively induce the combination of such components outside the United States.” Despite this Court’s clear dictate that section 271(f) should be construed narrowly, *Microsoft Corp. v. AT&T Corp.*, 550 U.S. 437 (2007), the Federal Circuit held that Life Technologies is liable for patent infringement for worldwide sales of a multi-component kit made abroad because just a single, commodity component of the kit was shipped from its U.S. facility to its own foreign facility. The questions presented are:

1. Whether the Federal Circuit erred in holding that a single entity can “actively induce” itself to infringe a patent under 35 U.S.C. § 271(f)(1).
2. Whether the Federal Circuit erred in holding that supplying a single, commodity component of a multi-component invention from the United States is an infringing act under 35 U.S.C. § 271(f)(1), exposing the manufacturer to liability for all worldwide sales.

PARTIES TO THE PROCEEDINGS

Petitioners, Life Technologies Corporation, Invitrogen IP Holdings, Inc., and Applied Biosystems, LLC, were the defendants-appellants below.

Respondent, Promega Corporation, was the plaintiff-cross-appellant below.

RULE 29.6 STATEMENT

Applied Biosystems, LLC, and Invitrogen IP Holdings, Inc., are wholly-owned subsidiaries of Life Technologies Corporation. Life Technologies Corporation is an indirect wholly-owned subsidiary of Thermo Fisher Scientific Inc. There is no other publicly held corporation owning 10% or more of the stock of petitioners.

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PETITION FOR A WRIT OF CERTIORARI

Petitioners Life Technologies Corporation, Invitrogen IP Holdings, Inc., and Applied Biosystems, LLC (collectively, “Life Technologies”), respectfully petition for a writ of certiorari to review the judgment of the United States Court of Appeals for the Federal Circuit.

OPINIONS BELOW

The Federal Circuit’s opinion is reported at *Promega Corp. v. Life Technologies Corp.*, 773 F.3d 1338 (Fed. Cir. 2014), and is reproduced at Petition Appendix (Pet. App.) 1a–43a. The unpublished order denying the petition for rehearing and rehearing en banc is reproduced at Pet. App. 67a–68a. The district court’s unpublished opinion is reproduced at Pet. App. 44a–66a.

JURISDICTION

The Federal Circuit entered its judgment on December 15, 2014, and denied a timely-filed petition for rehearing and rehearing en banc by order dated February 26, 2015. On April 22, 2015, Chief Justice Roberts extended the time within which to file a petition for a writ of certiorari to and including June 26, 2015. This Court has jurisdiction over this petition pursuant to 28 U.S.C. § 1254(1).

STATUTORY PROVISIONS

35 U.S.C. § 271(f) provides:

- (1) 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 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.

(2) Whoever without authority supplies or causes to be supplied in or from 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 non-infringing use, where such component is uncombined in whole or in part, 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, shall be liable as an infringer.

INTRODUCTION

In the decision below, a sharply divided panel of the Federal Circuit broadly expanded what is supposed to be a narrow exception to the rule against extraterritorial application of United States patent law. The court held that the patentee was entitled to infringement damages based on Life Technologies' *worldwide* sales of genetic testing kits, even though the only connection between Life Technologies' foreign sales and the United States was that Life Technologies shipped a single, commodity component of the kits from its facility in the United States to its own manufacturing facility abroad. The Federal Circuit's decision was based on two fundamental errors in its interpretation of 35 U.S.C. § 271(f)(1).

First, the court held that a single, integrated entity can “actively induce” itself to infringe a patent by shipping a component to its own overseas facilities. Second, the court held that a single, commodity component of a multi-component invention can be “a substantial portion of the components.” Each of these serious errors warrants this Court’s review. The combination dangerously expands the extraterritorial reach of U.S. patent law, directly contrary to this Court’s explicit instruction that § 271(f) should be narrowly interpreted in light of the presumption against extraterritoriality.

First, the Federal Circuit’s holding that a single entity can “induce” itself to infringe misreads the plain text of the statute and ignores this Court’s precedents. The ordinary meaning of “induce” is to “influence” or “persuade”; it is action inherently directed at a third party. And this Court has interpreted “induce” in 35 U.S.C. § 271(b) to have precisely this meaning. *Commil USA LLC v. Cisco Sys., Inc.*, 135 S. Ct. 1920, 1924 (2015); *Global-Tech Appliances, Inc. v. SEB S.A.*, 131 S. Ct. 2060, 2065 (2011). Yet the Federal Circuit held that in § 271(f), “induce” has the different and much broader meaning of “cause,” and that a single party can “cause” itself to infringe by shipping a component to itself. This interpretation is contrary to both the canon that the same word in the same statute should be interpreted in the same way, and to legislative history explicitly stating that the term “induce” in § 271(f) was drawn from the existing § 271(b).

Second, the Federal Circuit’s holding that just a single, commodity component can be a “substantial portion of the components” of the invention if it is in some sense “important,” suffers from the same serious flaws. The text and structure of the statute

make clear that “a substantial portion” in § 271(f)(1) refers to the quantity, not the subjective importance or relative significance, of the components supplied. The text of § 271(f)(1) itself is plain that no fewer than “a substantial portion” of the invention’s components must be supplied. A further textual indication is found in § 271(f)(2), which provides a basis for infringement liability for the supply of a single component so long as it is “especially made or especially adapted for use in the invention and not a staple article or commodity of commerce.” While § 271(f)(2) consistently uses the term “component” in the singular, § 271(f)(1) consistently uses the term “components” in the plural. Read together, it is clear that Congress did *not* intend to impose liability for the supply of a single component that is merely an off-the-shelf “staple article or commodity of commerce.” The Federal Circuit’s holding also disregards this Court’s guidance that § 271(f)(1) and § 271(f)(2) “differ, among other things, on the quantity of components that must be ‘supplied from the United States’ for liability to attach.” *Microsoft Corp. v. AT&T Corp.*, 550 U.S. 437, 454 n.16 (2007) (alteration and omission omitted).

Furthermore, both of the Federal Circuit’s interpretations run afoul of the “presumption that United States law governs domestically but does not rule the world,” a presumption that “applies with particular force in patent law.” *Id.* at 454–55. Far from following this Court’s direction to “resist giving . . . § 271(f) an expansive interpretation,” the Federal Circuit broadened the statute’s language to maximize its extraterritorial reach. *Id.* at 442.

Each of the Federal Circuit’s extraterritorial expansions of § 271(f)(1) is highly problematic. But the combined effect of both is perilous to the business

community. Both single, integrated companies and domestic manufacturers of components now need to account for the potentially crushing burden of U.S. patent infringement liability for worldwide sales, based on the supply of *any* individual component, however common and useful for non-infringing purposes. Furthermore, given the exclusive jurisdiction of the Federal Circuit over U.S. patent law, only this Court can correct the Federal Circuit's misinterpretation of the statute and eliminate the sweeping liability that the ruling creates for manufacturers and component suppliers across a broad array of industries. This Court should grant the petition to rein in the Federal Circuit's overbroad reading of the statute, and to reassert that § 271(f)(1) is merely a narrow exception to the presumption against extraterritorial application of patent law.

STATEMENT OF THE CASE

Life Technologies manufactures genetic testing kits, which generate DNA profiles. Pet. App. 8a. These kits are “useful in many fields,” *id.* at 3a; for example, they are “used by law enforcement agencies for forensic identification, and by clinical and research institutions for purposes such as analyzing cancer cells,” *id.* at 8a. As the Federal Circuit explained, “[t]he kits contain a number of components, including: (1) a primer mix; (2) *Taq* polymerase; (3) PCR reaction mix including nucleotides; (4) a buffer solution; and (5) control DNA.” *Id.*

Together, these components are capable of copying, or “amplif[ying],” the DNA being studied, which is necessary “in order to obtain a detectable amount of DNA for analysis.” Pet. App. 3a. The primers “mark[] the start and finish” of the area to be copied. *Id.* The nucleotides are the building blocks used to

form the copies. The buffer solution maintains the conditions needed for the copying to occur, and the control DNA is used to verify that the copying process has occurred correctly. Finally, the “*Taq* polymerase is an enzyme used to amplify the DNA sequences in order to obtain enough replicated sample for testing.” *Id.* at 34a. It is undisputed that *Taq* polymerase is not especially made or especially adapted for use in the invention at issue. *Id.* at 30a n.14. Rather, it is a standard enzyme that has been widely used for decades in a large variety of applications that require copying DNA sequences.

The Federal Circuit observed that Life Technologies “manufactures one component of its kits in the United States, the *Taq* polymerase, which it ships overseas to a LifeTech manufacturing facility in the United Kingdom.” Pet. App. 8a. The kits are manufactured in the United Kingdom, and sold worldwide. *Id.*

Promega Corporation (“Promega”) licensed a patent on technology for replicating DNA.¹ Pet. App. 7a. Life Technologies, in turn, had a license from Promega to use the patented technology for certain applications. *Id.* at 9a & n.3. Promega sued Life Technologies in 2010, alleging that it had infringed the patent by selling its kits into unlicensed fields, and sought damages for worldwide sales. *Id.* at 9a. At trial, the jury returned a verdict for Promega, found that Life Technologies’ infringement was

¹ Promega sued Life Technologies for infringement of five patents that it owned or licensed. The Federal Circuit held that four of those patents were invalid on the ground of nonenablement. Pet. App. 13a-22a. The holdings at issue here involve the remaining patent, No. RE 37,984 (the “Tautz patent”), of which Promega was a non-exclusive licensee in some fields and an exclusive licensee in others. *See id.* at 5a.

willful, and awarded damages for “all of LifeTech’s worldwide sales.” *Id.* at 11a.

The district court then granted judgment as a matter of law to Life Technologies, holding that Promega had failed to present sufficient evidence to sustain a jury verdict under § 271(f)(1), the only provision that could reach Life Technologies’ worldwide sales of kits manufactured abroad. Pet. App. 51a–63a. The district court held that § 271(f)(1) did not apply for two reasons.

First, “the parties agree that plaintiff did not present any evidence at trial that defendants induced another party to combine any components outside the United States in an infringing manner.” Pet. App. 60a. Instead, “defendants did all the combining themselves.” *Id.* The court held that “the term ‘actively induce’ requires the involvement of a third party,” reasoning that “[b]ecause the ordinary meaning of the word ‘induce’ is to influence or persuade, it makes little sense in common parlance to say that someone ‘induced himself’ to perform a particular action.” *Id.* (citation omitted). The court also relied on the canon that “the same phrase in the same statute means the same thing,” *id.* at 61a, noting that the Federal Circuit has interpreted the same term in § 271(b) to mean “encouraging another’s infringement.” *Id.* at 60a. The court rejected Promega’s argument that this interpretation would create an “undesirable loophole,” remarking that “the Supreme Court has admonished lower courts not to engage in ‘dynamic judicial interpretation’ of § 271(f) in order to avoid perceived loopholes.” *Id.* at 61a–62a (quoting *Microsoft*, 550 U.S. at 457). The court concluded that it could not “accept plaintiff’s interpretation of § 271(f)(1) in the face of all the

reasons not to,” including the statutory text and Supreme Court precedent. *Id.* at 63a.

Second, the district court ruled that Life Technologies had not infringed under § 271(f)(1) because the evidence “showed at most that *one* component of all the accused products, a polymerase, was supplied from the United States.” Pet. App. 51a. The court held that § 271(f)(1)’s requirement that “all or a substantial portion” of the components be supplied from the United States does not embrace merely a single component. *Id.* at 54a–57a. Section 271(f)(1), the court ruled, could not plausibly be interpreted to reach a single component “when viewed in conjunction with . . . § 271(f)(2),” which “extends to ‘any component’ of the invention” supplied from the U.S., but requires that the component be “especially made or especially adapted for use in the invention and not a staple article or commodity of commerce suitable for substantial noninfringing use.” *Id.* at 54a–55a.

The court further observed that this Court’s decision in *Microsoft* supported its ruling for two reasons. First, *Microsoft* stated that § 271(f)(1) and (f)(2) “differ, among other things, on the quantity of components that must be supplied.” Pet. App. 55a–56a (alteration omitted) (quoting *Microsoft*, 550 U.S. at 454 n.16). Second, this Court “concluded that it was improper to use policy concerns about ‘loopholes’ to justify broad interpretations of the patent statute,” particularly given “the presumption that ‘our patent law operates only domestically and does not extend to foreign activities.’” *Id.* at 56a (quoting *Microsoft*, 550 U.S. at 455).

In a split decision, the Federal Circuit reversed, “disagree[ing] with the district court’s reading of § 271(f)(1).” Pet. App. 23a. First, the majority held

that “no third party is required” to “actively induce” infringement under § 271(f)(1). *Id.* at 24a. The majority “acknowledge[d] that the word ‘induce’ can suggest that one is influencing or persuading ‘another,’” but concluded that Congress intended the term to “encompass[] the more broad concept of ‘to bring about, to cause’” an activity. *Id.* The court rejected the argument that the term “actively induce” should be given the same meaning in § 271(f)(1) as in § 271(b). It reasoned that “a single party who causes the infringement of a patent” under § 271(b) “would already be strictly liable for infringement under § 271(a),” and that “because § 271(f)(1) lacks such a strict liability companion statute, comparisons to § 271(b) are of limited value.” *Id.* at 27a. The court also held that the presumption against extraterritoriality did not apply because “in this instance, Congress’ chosen language assigns liability to LifeTech’s conduct within the United States, based on its extraterritorial effect.” *Id.* at 27a n.10.

Second, the Federal Circuit held that “a party may be liable under § 271(f)(1) for supplying or causing to be supplied a single component for combination outside the United States.” Pet. App. 28a. The court concluded that the relevant “dictionary definition of ‘substantial’ is ‘important’ or ‘essential,’” and thus “the ordinary meaning of ‘substantial portion’ suggests that a single important or essential component can be a ‘substantial portion of the components’ of a patented invention.” *Id.* at 28a–29a.

The court further reasoned “the use of ‘component’ in § 271(f)(2) does not control the meaning of ‘components’ in § 271(f)(1)” because “these two subsections employ the terms in different contexts”; § 271(f)(2) focuses on whether a component is “especially made or especially adapted” for infringing

use, while § 271(f)(1) focuses on whether components are “substantial.” Pet. App. 30a. The Federal Circuit disregarded *Microsoft’s* contrary statement as dicta, concluding that “[i]n the absence of express guidance by the Supreme Court, we will not contravene the ordinary reading of the statute and categorically exclude the ‘supply’ of a single component of a patented invention from the scope of §271(f)(1).” *Id.* at 33a. Finally, the majority held that *Taq* polymerase is a “substantial portion of the components of the patented invention,” even though it is only one commodity component out of the five in the kit, because “[w]ithout *Taq* polymerase, the genetic testing kit recited in the Tautz patent would be inoperable.” *Id.* at 34a.

Chief Judge Prost dissented. The dissent interpreted “§ 271(f)(1) and its requirement of active inducement to necessarily mean inducement of *another*,” noting that the Federal Circuit has “never before held—in the context of either § 271(f) or § 271(b)—that a party can induce itself to infringe.” Pet. App. 39a. The majority’s interpretation, the dissent explained, “runs counter to unambiguous Supreme Court precedent” holding that “inducement liability requires a third party” under § 271(b). *Id.* And the legislative history showed that “the term ‘actively induce’ in § 271(f)(1) was expressly ‘drawn from existing subsection 271(b),’” giving “special force” to the interpretive canon that “identical words and phrases within the same statute should normally be given the same meaning.” *Id.* at 41a. Finally, the dissent explained that “the Supreme Court has cautioned against employing a policy-oriented approach to judicial decision making where it would cause law to have extraterritorial application,” and that the majority’s interpretation was contrary to this

presumption against extraterritoriality. *Id.* at 42a–43a. The dissent concluded that it could not accept the majority’s interpretation of the statute “[b]ecause we are limited by the language of the statute, Supreme Court precedent, and our own precedent.” *Id.* at 43a. Because the dissent would have found Life Technologies was “not liable under § 271(f)(1) for active inducement,” it did not address the majority’s “single component” interpretation. *Id.* at 39a n.1. On February 26, 2015, the Federal Circuit denied a petition for rehearing en banc. *Id.* at 68a.

REASONS FOR GRANTING THE PETITION

There are two compelling grounds for granting certiorari in this case. First, the Federal Circuit’s holding that a single party can “actively induce” itself to infringe under § 271(f)(1) is contrary to the plain meaning of the statutory text, and to this Court’s precedent interpreting the same language in § 271(b). Second, the Federal Circuit’s holding that a single, commodity component can be a “substantial portion of the components” under § 271(f)(1) is likewise contrary to the text and structure of the statute and ignores the distinctive language and requirements for the supply of a single component under § 271(f)(2). Each of these rulings warrants this Court’s review to correct the improper expansion of the extraterritorial reach of U.S. patent law. The combined effect of both rulings makes immediate review imperative.

In *Microsoft v. AT&T*, this Court instructed other courts to “resist giving . . . § 271(f) an expansive interpretation,” applying the presumption that United States patent law “governs domestically but does not rule the world.” 550 U.S. at 442, 454. The Federal Circuit’s interpretation, which stretches the

statute far beyond its text to close what it perceived as “loopholes” in the extraterritorial reach of U.S. patent law, disregards this Court’s instruction, and intrudes on policy issues that should be left to Congress. The Federal Circuit’s ruling makes *worldwide* U.S. patent infringement liability hinge on the decision of a foreign multinational corporation or manufacturer to source its commodity supplies from the United States. Nothing in the language, structure, or policy of § 271(f) suggests that Congress meant, on the basis of so little U.S. conduct, to intrude into the policy of foreign governments regarding the availability of useful products abroad. And there is no reason to believe Congress chose to put domestic manufacturers of commodity supplies at such a dramatic disadvantage vis-à-vis their foreign competitors. This Court should grant the petition.

I. THE FEDERAL CIRCUIT’S HOLDING THAT A SINGLE ENTITY CAN “ACTIVELY INDUCE” ITSELF TO INFRINGE UNDER SECTION 271(f)(1) CONFLICTS WITH THE STATUTORY TEXT AND THIS COURT’S PRECEDENTS.

This Court should review the Federal Circuit’s conclusion that a single, integrated business can induce *itself* to infringe when it ships a component from the United States to one of its own facilities abroad for combination with other components to make a U.S. patented invention. Pet. App. 24a–27a. This startling redefinition of the phrase “actively induce” is contrary to the text and structure of the Patent Act, this Court’s precedents, and the presumption against extraterritoriality.

1. Section 271(f)(1) provides liability for “actively induc[ing]” the combination of components of a

patented invention “outside of the United States in a manner that would infringe the patent if such combination occurred within the United States.” 35 U.S.C. § 271(f)(1). The language “actively induce” appears verbatim in the general inducement provision of the statute, § 271(b). The legislative history confirms the connection embodied in the language: “The term ‘actively induce’” in section 271(f)(1) was “drawn from existing subsection 271(b) of the patent law, which provides that whoever actively induces patent infringement is liable as an infringer.” 130 Cong. Rec. 28069, 28069 (1984).

In *Global-Tech Appliances, Inc. v. SEB S.A.*, 131 S. Ct. 2060 (2011), this Court interpreted the term “actively induce” in § 271(b) to mean “[t]o lead on; to influence; to prevail on; to move by persuasion or influence.” *Id.* at 2065 (alteration in original) (quoting *Webster’s New International Dictionary* 1269 (2d ed. 1945)). As the Federal Circuit dissent noted here, this Court has adopted the same interpretation of inducement “in the analogous copyright context,” defining the term “as ‘entic[ing] or persuad[ing] another’ to infringe.” Pet. App. 39a–40a (alterations in original) (quoting *Metro-Goldwyn-Mayer Studios Inc. v. Grokster, Ltd.*, 545 U.S. 913, 935 (2005)); see *Sony Corp. of Am. v. Universal City Studios, Inc.*, 464 U.S. 417, 439 (1984) (drawing analogy between patent and copyright cases “because of the historic kinship between patent law and copyright law”).

As this Court understood, these verbs do not describe actions directed toward oneself; one does not lead oneself on or influence oneself or prevail upon or move oneself by persuasion; these are actions that one directs towards another. *Global-Tech*, 131 S. Ct. at 265 (section 271(b) “may require merely that the

inducer *lead another* to engage in conduct that amounts to infringement” or “may also be read to mean that the inducer must *persuade another* to engage in conduct that the inducer knows is infringement”) (emphases added); *Grokster*, 545 U.S. at 935 (defining inducement as “entic[ing] or persuad[ing] *another*’ to infringe”) (emphasis added); see *id.* at 936 (noting that “liability for inducement” can be found under the Patent Act “where one ‘actively and knowingly aid[s] and abet[s] another’s direct infringement” (alterations in original)). Indeed, as the district court here remarked, it “makes little sense in common parlance to say that someone ‘induced himself.” Pet. App. 60a. A single, integrated entity simply takes action; it does not induce itself to act. And earlier this Term, this Court once again remarked that “inducement of *others* to commit infringement” is a distinct form of injury from direct infringement. *Commil*, 135 S. Ct. at 1924 (emphasis added). Thus, under the definition of “induce” that this Court has adopted, “inducement liability requires a third party.” Pet. App. 39a (Prost, C.J., dissenting).

The majority here “acknowledge[d] that the word ‘induce’ can suggest that one is influencing or persuading ‘another.” Pet. App. 24a. Yet the majority rejected that interpretation of “induce” in § 271(f), instead interpreting the term to “encompass[] the more broad concept of ‘to bring about, to cause.” *Id.* The court reasoned that “[h]ad Congress wanted to limit ‘induce’ to actions completed by two separate parties, it could easily have done so by assigning liability only where one party actively induced *another*.” *Id.* But that reasoning assumes the conclusion, namely, that the

word “induce” does not itself refer to action directed towards another. Because the word “induce” means influencing *another*, it would be redundant to write the word “another” into the text of the statute. Congress avoided precisely that redundancy when it wrote § 271(b), the general inducement section of the statute.

Indeed, the Federal Circuit has consistently interpreted the term “induce” in § 271(b) to require the defendant to spur action by another, even though the term “another” does not appear after “induce.” Pet. App. 40a (Prost, C.J., dissenting); see *DSU Med. Corp. v. JMS Co.*, 471 F.3d 1293, 1305–06 (Fed. Cir. 2006) (en banc) (holding that inducement requires proof “of culpable conduct, directed to encouraging *another’s* infringement”) (emphasis added); *Lucent Techs., Inc. v. Gateway, Inc.*, 580 F.3d 1301, 1322 (Fed. Cir. 2009) (same). It nonetheless concluded that Congress used the same word to mean something entirely different when it wrote § 271(f)(1), reasoning that inducement under § 271(b) is more limited, “since a single party who causes the infringement of a patent would already be strictly liable for infringement under § 271(a).” Pet. App. 27a. But this approach is flatly contrary to a basic canon of statutory construction: “identical words and phrases within the same statute should normally be given the same meaning.” *Powerex Corp. v. Reliant Energy Servs., Inc.*, 551 U.S. 224, 232 (2007); see *Global-Tech*, 131 S. Ct. at 2068 (noting that it “would . . . be strange” to give different meaning to the same language in different subsections of § 271). Moreover, as the dissent pointed out, this canon has “special force here” because “the term ‘actively induce’ in § 271(f)(1) was expressly ‘drawn from

existing subsection 271(b).” Pet. App. 41a (quoting 130 Cong. Rec. at 28,069).

The Federal Circuit’s interpretation also misconstrues the relation of § 271(f) to this Court’s decision in *Deepsouth Packing Co. v. Laitram Corp.*, 406 U.S. 518 (1972). *Deepsouth* held that manufacturing all of the components of an infringing product in the U.S., and shipping them abroad to third-party foreign customers, where they could be assembled in less than an hour, was not infringement. *Id.* at 523–24, 525–26. In *Microsoft*, this Court concluded that “[s]ection 271(f) was a direct response” to *Deepsouth*, and that “[h]aving attended to the gap made evident in *Deepsouth*, Congress did not address other arguable gaps,” which “our precedent leads us to leave in Congress’ court.” 550 U.S. at 457–58. Here, in stark contrast, the Federal Circuit reasoned that Congress was motivated by broad “policy goals” of “prevent[ing] copiers from avoiding United States patents by supplying components” for assembly abroad, and that, “to achieve these goals, Congress chose language for § 271(f)(1) broader than the particular facts of *Deepsouth*.” Pet. App. 26a. As the dissent explained, this improperly “impute[s] from Congress’ supposed intent to close the *Deepsouth* loophole a much broader legislative intent to close all loopholes related to extraterritorial liability,” *id.* at 41a, directly contrary to this Court’s reasoning in *Microsoft*.

2. The Federal Circuit’s broad interpretation of § 271(f)(1) to advance the statute’s supposed “policy goals” is also contrary to the presumption against extraterritoriality. The effect of the majority’s ruling will be to expand dramatically the reach of U.S.

patent law over foreign sales. Any company that supplies a component from the U.S. to its foreign facilities will find itself at risk of *worldwide* patent infringement liability. This case illustrates the magnitude of the risks at stake—Promega was awarded \$52 million in lost profits on worldwide kit sales, based on evidence that Life Technologies supplied just a single commodity component from the U.S.

This Court has previously explained that, because “§ 271(f) is an exception to the general rule that our patent law does not apply extraterritorially,” courts should “resist giving the language in which Congress cast § 271(f) an expansive interpretation.” *Microsoft*, 550 U.S. at 442; see *Morrison v. Nat’l Austl. Bank Ltd.*, 561 U.S. 247, 255, 265 (2010) (the presumption against extraterritoriality is overcome only if “there is the affirmative intention of the Congress clearly expressed to give a statute extraterritorial effect,” and where a statute provides “for some extraterritorial application, the presumption against extraterritoriality operates to limit that provision to its terms”).

Indeed, “[t]he presumption that United States law governs domestically but does not rule the world applies with particular force in patent law.” *Microsoft*, 550 U.S. at 454–55. This “traditional understanding that our patent law operates only domestically and does not extend to foreign activities is embedded in the Patent Act itself, which provides that a patent confers exclusive rights in an invention within the United States.” *Id.* at 455 (citation, alterations, and quotations omitted) (citing 35 U.S.C. § 154(a)(1)); see *Brown v. Duchesne*, 60 U.S. (19 How.) 183, 195 (1856) (Patent law “is domestic in its

character, and necessarily confined within the limits of the United States. It confers no power on Congress to regulate commerce, or the vehicles of commerce, which belong to a foreign nation . . .”). The United States does not exercise patent control over foreign markets, and it “correspondingly reject[s] the claims of others to such control over our markets.” *Microsoft*, 550 U.S. at 455 (quoting *Deepsouth*, 406 U.S. at 531). The remedy for infringement that occurs abroad lies in “obtaining and enforcing foreign patents,” *id.* at 456, not in interpreting United States patent law to “rule the world,” *id.* at 454.

While § 271(f) intrudes U.S. patent law into foreign markets to a limited extent, it did not otherwise alter the fundamental principle that U.S. patent law “does not, and was not intended to, operate beyond the limits of the United States.” *Id.* at 455 (quotations and alterations omitted) (quoting *Deepsouth*, 406 U.S. at 531). Therefore, as this Court has emphasized, the market exclusivity bestowed by a patent should not be expanded extraterritorially based on “mere inference from ambiguous statutory language.” *Deepsouth*, 406 U.S. at 531. “Any doubt” that particular “conduct falls outside § 271(f)’s compass would be resolved by the presumption against extraterritoriality.” *Microsoft*, 550 U.S. at 454. The Federal Circuit’s expansive interpretation of § 271(f)(1) is flatly inconsistent with the presumption and with this Court’s holding in *Microsoft*.

The Federal Circuit suggested that the presumption is inapplicable because “Congress’ chosen language assigns liability to LifeTech’s conduct within the United States, based on its extraterritorial effect.” Pet. App. 27a n.10. But *Microsoft* rejected the argument that “the presumption holds no sway

here given that § 271(f), by its terms, applies only to domestic conduct, *i.e.*, to the supply of a patented invention's components 'from the United States.'" 550 U.S. at 456. To the contrary, the Court held that the presumption "tugs strongly against" a broad construction of § 271(f), and that "dynamic judicial interpretation" of the provision is impermissible. *Id.* at 455, 457. As this Court explained in *Morrison*, "it is a rare case of prohibited extraterritorial application that lacks *all* contact with the territory of the United States," and "the presumption against extraterritorial application would be a craven watchdog indeed if it retreated to its kennel whenever *some* domestic activity is involved in the case." 561 U.S. at 266. The point of the presumption against extraterritorial application of U.S. patent law is to prevent U.S. law from intruding on the decisions of foreign governments regarding their consumers' access to useful products. The ruling below inhibits the access of foreign markets to Life Technologies' kits, or, at a minimum, increases dramatically the cost of such access.

Here, as in *Microsoft*, the application of § 271(f) to Life Technologies is plainly extraterritorial, because it depends upon 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." 35 U.S.C. § 271(f)(1). And as in *Microsoft*, the Supreme "Court's use of the presumption contrasts sharply with the Federal Circuit's expansive interpretations of § 271(f)." Sean Fernandes, *Microsoft Corp. v. AT&T: A Welcome Return to Patent Law's Tradition of Territoriality*, 23 Berkeley Tech. L.J. 75, 105 (2008). Review should be

granted to rein in the Federal Circuit's extraterritorial expansion of U.S. patent law.

3. This Court's review is also warranted due to the importance of the issue. The Federal Circuit's expansion of the extraterritorial scope of patent law will distort the incentives for multinational companies to supply components from facilities in the United States, "creat[ing] perverse incentives to relocate operations abroad to escape liability." *Id.* at 102. There is no dispute that if Life Technologies had supplied the *Taq* polymerase to its United Kingdom factory from a Life Technologies facility outside of the United States, foreign sales of the genetic testing kits would lie beyond the reach of U.S. patent law. Thus, under the Federal Circuit's broad interpretation, § 271(f) "discriminates against manufacturers with operations within the United States, thereby encouraging them to move their operations offshore," and potentially causing "long-term economic damage." *Id.* at 101–02. There is no reason to believe that Congress intended to create these undesirable results by using § 271(f)(1) to shape how single, integrated companies choose to source materials for foreign manufacture and sale.

In addition, because the Federal Circuit has exclusive jurisdiction over patent appeals, its rulings have an immediate nationwide impact. 28 U.S.C. § 1295. The Federal Circuit's exclusive jurisdiction means that guidance from other circuits will not be forthcoming. And because the Federal Circuit adopted its interpretation of § 271(f)(1) in a precedential opinion, which it declined to review en banc, that interpretation will remain the law of the land unless this Court intervenes. Review now should be granted to ensure that the statute is

correctly applied and to avoid the economic dislocations the decision below otherwise will impose.

II. THE FEDERAL CIRCUIT'S HOLDING THAT LIABILITY CAN BE IMPOSED UNDER SECTION 271(f)(1) FOR THE SUPPLY OF A SINGLE, COMMODITY COMPONENT CONFLICTS WITH THE STATUTORY TEXT AND THE PRESUMPTION AGAINST EXTRATERRITORIALITY.

Certiorari is also warranted to review the Federal Circuit's holding that § 271(f)(1) allows liability for foreign sales based on the supply from the United States of a single, commodity component. Section 271(f)(1) provides that the defendant must have supplied "all or a substantial portion of the components of a patented invention" from the U.S. The Federal Circuit read this to mean that liability for foreign sales is triggered when the defendant has supplied *any individual component* of the invention without which the accused product would be inoperable. Pet. App. 28a–35a.

As with its interpretation of "actively induce," the Federal Circuit's interpretation of "a substantial portion" misinterprets the statutory text and structure, and is contrary to the presumption against extraterritoriality. This holding represents another expansive interpretation of § 271(f)(1) that results in U.S. patent law intruding on foreign markets. The Federal Circuit has placed any domestic supplier of a commodity component at risk of infringement liability for its customer's foreign sales. This Court should review this important issue.

1. Textually, the Federal Circuit's broad interpretation of § 271(f)(1) does not withstand scrutiny.

The majority defined “substantial” in qualitative terms; according to the court, it means “important” or “essential.” Pet. App. 28a (citing, *e.g.*, *Webster’s Third New Int’l Dictionary* 2280 (2002); *XVII Oxford English Dictionary* 67 (2d ed. 1989) (“essential; material”). Accordingly, the Federal Circuit concluded that “the ordinary meaning of ‘substantial portion’ suggests that a single important or essential component can be a ‘substantial portion of the components.’” *Id.* at 28a–29a. And, as the court later held, an essential component is nothing more than a component without which the invention “would be inoperable.” *Id.* at 34a.

This holding is contrary to both the text of § 271(f)(1) itself, and to the broader statutory structure. First, the Federal Circuit’s interpretation is contrary to the text of § 271(f)(1) because it is so broad as to render the “substantial portion” limitation all but meaningless. The phrase “substantial portion” modifies “components of a patented invention.” 35 U.S.C. § 271(f)(1). A component of a patented invention will rarely, if ever, be unnecessary to the functioning of that invention. Indeed, if the product could operate in the same way without the component, it is questionable whether the supposed “component” would be a part of the “patented invention” at all. Here, for instance, the patented genetic testing kit would not operate correctly if any one of its five components were removed. See 5–6, *supra*. By reading “substantial portion of the components” of an invention to mean “any individual component necessary to the operation of the invention,” the Federal Circuit has made virtually *every* component of a patented invention, by itself, a “substantial portion of the components” of

that invention. But if that were the purpose of the language, then Congress would have simply written “any component of a patented invention,” rather than choosing “substantial portion” that so clearly suggests something narrower.

The way to make sense of the phrase “substantial portion” in this context is to read the word “substantial” in a quantitative sense, not in a qualitative sense. While the word “substantial” can mean “important,” it is also commonly used to mean “large” or “ample” in quantity. See, e.g., *The Random House College Dictionary* 1310 (1982) (“of ample or considerable amount, quantity, size, etc.”); *Webster’s Third New International Dictionary* 2280 (1981) (“abundant; plentiful” (capitalization omitted)); *Webster’s New Twentieth Century Dictionary* 1817 (2d ed. 1981) (“of considerable size or amount; large”); *The Pocket Oxford Dictionary of Current English* 750 (7th ed. 1984) (“of considerable amount”). And that is clearly the way the statute uses the word. In § 271(f)(1), the term “substantial portion” follows the quantitative term “all,” in the phrase “all or a substantial portion of the components.” 35 U.S.C. § 271(f)(1). When paired with “all” in this manner, “substantial portion” naturally means a portion that is “large” or “considerable” in quantity, not a portion that is qualitatively “important.”

Second, this interpretation becomes particularly compelling when the structure of the statute is considered. In § 271(f)(2), Congress expressly determined when the domestic supply of a single component of a patented invention should be the basis for infringement liability for foreign sales. It provided that the supply of “any component of a patented invention” can be the basis for liability, but

only when the 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”—a limitation that is absent from § 271(f)(1). 35 U.S.C. § 271(f)(2) (emphasis added). The fact that Congress used the phrase “any component” in § 271(f)(2), and then limited liability to the provision of a specialized component, is a strong reason to reject the Federal Circuit’s re-writing of § 271(f)(1) as if it, too, used the phrase “any component.”

Section 271(f)(1) also consistently refers to “components” in the plural, for instance providing for liability “where *such components are uncombined* in whole or in part,” and are supplied to “induce the combination of *such components*.” *Id.* § 271(f)(1). In marked contrast, § 271(f)(2) consistently refers to “component” in the singular, using language that is otherwise parallel to § 271(f)(1). For instance, § 271(f)(2) provides for liability “where *such component is uncombined* in whole or in part” and is supplied “intending that *such component* will be combined.” *Id.* § 271(f)(2).

These differences in the language of § 271(f)(1) and (f)(2) are all the more revealing because the two subsections were drafted together, and added to the Patent Act as part of the same bill. 130 Cong. Rec. at 28069. Under these circumstances, the “differing language in the two subsections” should not be “ascribe[d] . . . to a simple mistake in draftsmanship” and given “the same meaning in each.” *Russello v. United States*, 464 U.S. 16, 23 (1983). To the contrary, when § 271(f)(1) and (f)(2) are read side by side, it is clear that Congress chose not to expose domestic suppliers of a single component to liability

for foreign sales, so long as that component is a “staple article or commodity of commerce” with a “substantial noninfringing use.” 35 U.S.C. § 271(f)(2).

The Federal Circuit eliminated this limitation, reasoning that the language of § 271(f)(2) should not inform its interpretation of § 271(f)(1) because “these two subsections employ the terms in different contexts.” Pet. App. 30a. “The focus of the infringement inquiry under § 271(f)(1) is whether one or more components supplied by a party constitutes ‘all or a substantial portion of the components of a patented invention’” *Id.* By contrast, according to the court, “the focus of the infringement inquiry under § 271(f)(2) is whether a party has supplied any component ‘especially made or especially adapted for use in [a patented] invention’ that is not a “staple article or commodity of commerce suitable for substantial noninfringing use.” *Id.*

But these differing requirements under § 271(f)(1) and (f)(2) only further strengthen the implication that Congress intended the phrase “all or a substantial portion of the components” in (f)(1) to have a different meaning than the phrase “any component” in (f)(2). Under the Federal Circuit’s interpretation, any component of an invention will constitute “a substantial portion of the components” if it is “important” to the invention. Pet. App. 34a. But every component that is “especially made or especially adapted for use” in an invention within the meaning of (f)(2) would qualify as an “important” component under the Federal Circuit’s interpretation of (f)(1). See 22–23, *supra*. Thus, interpreting (f)(1) to provide liability for the supply of a single “important” component is a clear misconstruction of the statutory text that trivializes (f)(2).

The Federal Circuit’s interpretation is also contrary to this Court’s analysis in *Microsoft*. That decision expressly noted that § 271(f)(1) and (f)(2) “differ, among other things, on the quantity of components that must be ‘supplie[d] . . . from the United States’ for liability to attach.” 550 U.S. at 454 n.16 (alteration and omission in original). In the same vein, this Court noted that “§ 271(f)(1) applies to the supply abroad of ‘all or a substantial portion of’ a patented invention’s components,” while “§ 271(f)(2) applies to the export of *even a single component* if it 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.” *Id.* at 458 n.18 (emphasis added). While *Microsoft* did not resolve the question presented, these remarks reflect that the natural reading of the text ascribes a *quantitative* meaning to the word “substantial” and preserves the specific standard Congress has established for the domestic supply of only a single component of a patented invention: (f)(1) applies only to a substantial quantity of components, and (f)(2) covers a single component, but only if it is especially adapted for infringement.

The Federal Circuit rejected this interpretation. It reasoned that it was “undermined by the very facts of *Microsoft*,” because there the “alleged infringing activity under § 271(f) was a party’s export of a single component of this two-component invention,” but this Court did not resolve the case by holding “that liability under § 271(f)(1) requires the export of more than one component.” Pet. App. 32a–33a (emphasis omitted). The parties in *Microsoft* did not argue that only a single component was involved, and the Court accordingly did not consider the issue; instead, it held

that the software in question was not a “component” at all, an analysis that did not “turn on whether [the Court] view[ed] the case under paragraph (1) or (2).” *Microsoft*, 550 U.S. at 454 n.16. Thus, while *Microsoft* did not resolve the specific issue presented here, the interpretation of § 271(f)(1) adopted by the Federal Circuit is in serious tension with the analysis this Court set forth.

2. Furthermore, just as with its interpretation of “actively induce,” the Federal Circuit’s interpretation of “a substantial portion” vastly broadens the extraterritorial reach of the statute, contrary to the presumption against extraterritoriality. Rather than limiting the reach of § 271(f) to instances where a supplied component is especially made for the invention, or where a large portion of the components are supplied, the Federal Circuit has expanded the reach of the statute to the supply of *any* single component that is deemed “important,” which means nothing more than that the invention will not function without it. The standard is completely divorced from any way in which the component contributes to what is innovative about a product. A computer with an innovative chip that functions faster than previous chips cannot function without a plug or a battery. On the Federal Circuit’s view, these stock “components” are “important” or “essential” to an invention that claims a computer with the innovative chip. Likewise, the *Taq* polymerase at issue here is a stock component that has been commonly used for decades to copy DNA; its function in the kit is in no way innovative. See 6, *supra*.

There is no “affirmative intention of the Congress clearly expressed” to give the statute such a broad

extraterritorial reach. *Morrison*, 561 U.S. at 255. To the contrary, as discussed above, there is express indication in § 271(f)(2) that Congress specifically chose not to interfere with the domestic supply of a single commodity component. And even if the statute could be considered ambiguous, courts cannot broaden the extraterritorial reach of a patent's market exclusivity based on "mere inference from ambiguous statutory language." *Deepsouth*, 406 U.S. at 531. The Federal Circuit should have resolved "[a]ny doubt" as to the reach of § 271(f) by applying "the presumption against extraterritoriality." *Microsoft*, 550 U.S. at 454. In again adopting "expansive interpretations of § 271(f)," *Fernandes, supra*, at 105, the Federal Circuit flatly disregarded this Court's instruction to apply the presumption and "resist giving the language in which Congress cast § 271(f) an expansive interpretation," *Microsoft*, 550 U.S. at 442.

3. Finally, review should be granted because of the profound importance of the question presented. The effects of the majority's misinterpretation of "substantial portion" mirror—and amplify—the effects of its misinterpretation of "actively induce." If this ruling is left in place, any domestic supplier of a commodity product used in patented inventions will be at risk of *worldwide* patent infringement liability for its sales. This would potentially include suits seeking injunctions that could disrupt the reliable flow of such commodity products to a foreign manufacturer, even where that country's law provides no basis for disrupting sales of the end product.

As a result, domestic manufacturers of all manner of products would face incentives to relocate their

operations offshore so that they could operate free of such risks and compete on a level playing field with foreign suppliers of commodity products. Thus, under the Federal Circuit's interpretation, patent law will create "one more incentive for U.S. companies who compete in foreign markets to move their manufacturing facilities abroad," Donald S. Chisum, *Normative and Empirical Territoriality in Intellectual Property: Lessons from Patent Law*, 37 Va. J. Int'l L. 603, 607 (1997), "treat[ing] U.S.-based companies worse than foreign companies" manufacturing the same components in foreign countries, Bernard Chao, *Patent Imperialism*, 109 Nw. U. L. Rev. Online 77, 88 (2014). This plainly was not Congress' intent.

Moreover, there is a serious danger that the Federal Circuit's extraterritorial expansion of U.S. patent law "would undermine the international system of national patents and lead to a type of U.S. patent imperialism." *Id.* at 86. Companies concerned about the manufacture and sale of products abroad could choose to sue for patent infringement in the U.S., "even if the other country has refused to award a patent for a particular invention and has consciously chosen to provide more modest recoveries to those that are awarded patents there." *Id.* at 87. "Clearly, the United States would be extremely upset if the circumstances were reversed and another country tried to impose its patent values on products made and sold in the U.S."; other countries will likely be no more pleased about the extraterritorial expansion of U.S. patent law, and may even retaliate by seeking to expand their patent laws to cover activities occurring in the U.S. *Id.*

Thus, the Federal Circuit's broadly extraterritorial interpretation risks "creat[ing] friction between States that, after having made deliberate policy

choices in the best interest of their citizens, offer differing degrees of patent protections.” Jacob A. Schroeder, *So Long As You Live Under My Roof, You’ll Live By . . . Whose Rules?: Ending the Extraterritorial Application of Patent Law*, 18 *Tex. Intell. Prop. L.J.* 55, 81 (2009). These potential consequences are all the more troubling when the Federal Circuit’s errors are considered in combination; each significantly expands the extraterritorial scope of § 271(f)(1), but together they open a wide door for potentially crushing U.S. infringement liability for foreign conduct that is perfectly lawful where performed.

If U.S. patent law is going to be used to distort the incentives for companies to source commodity components from U.S. operations, and to create friction with foreign countries, any such “alteration should be made after focused legislative consideration, and not by the Judiciary forecasting Congress’ likely disposition.” *Microsoft*, 550 U.S. at 459. In short, as this Court has explained, if there is a “loophole” in the extraterritorial reach of the patent law, then it is “properly left for Congress to consider, and to close if it finds such action warranted.” *Id.* at 457. The inherently delicate and political policy-making should not be undertaken by a divided panel of the Federal Circuit. This Court’s review is needed; the petition should be granted.

CONCLUSION

For the foregoing reasons, the petition for a writ of certiorari should be granted.

Respectfully submitted,

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