4-11-2016

Commil USA, LLC v. Cisco Systems: Joining Policy and Prose to Foster a Good Faith Analysis

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Note

COMMIL USA, LLC v. CISCO SYSTEMS: JOINING POLICY AND PROSE TO FOSTER A GOOD FAITH ANALYSIS

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In the technical game of induced patent infringement, subjectivity plays a significant role.1 Traditionally, defendants accused of patent infringement present a layered defense, asserting both that the patent is invalid and not infringed.2 Increasingly, however, alleged infringers include claims of good faith, yet misguided, beliefs of noninfringement and invalidity.3 When effectively argued, these types of affirmative defenses negate the intent requirement, carefully crafted by the legislature and judiciary, necessary to impose liability for induced patent infringement.4

In Commil USA, LLC v. Cisco Systems,5 the United States Supreme Court restricted the extent to which subjectivity shields induced infringement liability.6 The Court held that a belief regarding patent invalidity, even one asserted in good faith, is not a defense to a claim of induced infringement under Section 271(b) of the Patent Act.7

The Commil Court correctly rejected this good faith defense in an effort to streamline induced patent infringement claims and deter future

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1. See infra Part II.C.
3. See infra Part II.C.
4. Id.
6. Id.
7. Id. Section 271(b) provides that, “[w]hoever actively induces infringement of a patent shall be liable as an infringer.” 35 U.S.C. § 271(b) (2012).
inducers who attempt to game the defense.\textsuperscript{8} Despite reaffirming its holding in \textit{Global-Tech Appliances, Inc. v. SEB S.A.},\textsuperscript{9} the Supreme Court did not root its analysis in preserving the level of intent required for induced infringement liability.\textsuperscript{10} Instead, the Court focused on the distinction between “validity” and “infringement.”\textsuperscript{11} Although the issues are structurally separate in the Patent Act, scholars argue that dividing validity and infringement is counterintuitive, given their seemingly intertwined existences.\textsuperscript{12}

The Court could have strengthened its holding by incorporating the policy rationales underpinning the purposes of Section 271(b).\textsuperscript{13} These rationales would provide clarification of the existing intent requirement, equitable protection for patentees and the free marketplace, and facilitation of the cross-application of intellectual property doctrines.\textsuperscript{14} With this approach, the \textit{Commil} holding, inclusive of both substantive law and public policy, could have furthered courts’ understanding of both induced patent infringement and the intellectual property market as a whole.\textsuperscript{15}

I. THE CASE

\textit{Commil USA, LLC} (“\textit{Commil}”) is the patent holder for a method of implementing short-range wireless networks.\textsuperscript{16} The patent (‘‘395”) specifically relates to the use of time synchronization in order to provide faster and more reliable communication between base stations and mobile devices in a network area.\textsuperscript{17}

In 2007, \textit{Commil} brought claims of direct and induced infringement of the ‘395 patent against its competitor, \textit{Cisco Systems}, Inc. (“\textit{Cisco}”), a

\begin{itemize}
  \item \textsuperscript{8} See infra Part IV.
  \item \textsuperscript{9} 131 S. Ct. 2060 (2011). In \textit{Global-Tech}, the Supreme Court held that in order to impose liability for induced infringement, the inducer must have knowledge that the patent exists and that the induced acts would cause infringement. \textit{Id.} at 2068.
  \item \textsuperscript{10} See infra Part III.
  \item \textsuperscript{11} \textit{Commil}, 135 S. Ct. at 1928.
  \item \textsuperscript{12} See infra Part IV.A.
  \item \textsuperscript{13} See infra Part IV.B.
  \item \textsuperscript{14} See infra Part IV.A–C.
  \item \textsuperscript{15} See infra Part IV.B–C.
  \item \textsuperscript{16} \textit{Commil USA, LLC v. Cisco Sys., Inc.}, 720 F.3d 1361, 1364 (Fed. Cir. 2013), \textit{vacated}, 135 S. Ct. 1920 (2015). Wireless local area networks (“WLANs”), also known to the public as “WiFi,” provide access points to connect laptops and other mobile devices to the Internet. WiFi connections between base stations and mobile devices require users to remain relatively close to a base station, and thus are short-range. Brief of Petitioner at 4, \textit{Commil USA, LLC v. Cisco Sys., Inc.}, 135 S. Ct. 1920 (2015) (No. 13-896).
  \item \textsuperscript{17} \textit{Commil}, 720 F.3d at 1364. Patent ‘395 is directed to wireless networks too large to be covered by a single base station (e.g., universities and large corporate buildings). The claimed technique would enable users of mobile devices to move seamlessly throughout the network coverage area. Brief of Petitioner at 4, \textit{Commil USA, LLC v. Cisco Sys., Inc.}, 135 S. Ct. 1920 (2015) (No. 13-896).
\end{itemize}
major supplier of WiFi access points and controllers. Following a motion filed by Commil, a second trial was held with respect to induced infringement allegations. In September 2011, the jury returned a verdict in favor of Commil, resulting in a final amended judgment granting the company $63.7 million in actual damages.

Cisco appealed the district court decision on several grounds. Cisco contended that the district court both improperly instructed the jury and erroneously precluded Cisco from presenting evidence of its good faith belief in the invalidity of the patent. The United States Court of Appeals for the Federal Circuit ultimately affirmed in part, vacated in part, and remanded the trial for further proceedings. In its majority decision, the court concluded that the district court erred in instructing the jury that Cisco could be liable for “induced infringement based on mere negligence where knowledge is required.” Furthermore, the court held that a “good-faith belief of invalidity may negate the requisite intent for induced infringement” and thus is evidence to be considered by the fact-finder.

The dissent argued that belief as to the invalidity of a patent is irrelevant to the fact and law of infringement. “Such a belief, even if held in good faith, does not negate infringement of a valid and enforceable patent.” The dissent contended, however, that this belief “may be raised as a defense to willfulness of the infringement.” The Supreme Court granted certiorari to decide whether a good faith belief in invalidity is a defense to induced infringement under Section 271(b) of the Patent Act.

18. Commil, 720 F.3d at 1364.
19. Id. at 1365.
20. Id.
21. Id. The final judgment also granted $10.3 million in prejudgment interest and $17,738 in costs. Id.
22. Id. Cisco also presented five other arguments: 1) the district court abused its discretion in granting a new trial; 2) the district court misconstrued the term “short-range communication protocol;” 3) there is insufficient evidence to sustain infringement; 4) Commil’s claims are indefinite, not enabled, and lacking adequate written description; and 5) the damages award based on Commil’s royalty base violates the entire market value rule. Id.
23. Id. at 1364.
24. Id. at 1367. The disputed jury instruction permitted the jury to find inducement if “Cisco knew or should have known that its actions would induce actual infringement.” Id. at 1366 (quoting Joint Appendix at 6389, Commil USA, LLC v. Cisco Sys., Inc., 720 F.3d 1361 (Fed. Cir. 2013) (No. 2012-1042) (line numbers 98:24–99:2)).
25. Id. at 1368–69.
26. Id. at 1374 (Newman, J., concurring in part and dissenting in part).
27. Id.
28. Id. at 1373.
II. LEGAL BACKGROUND

Courts have historically struggled with uniformly articulating and applying the knowledge requirement for induced infringement liability.\(^\text{30}\) Prior to the enactment of the 1952 Patent Act, the concept of induced infringement originated as a tool to infer intent for claims of contributory infringement.\(^\text{31}\) The conduct and knowledge alleged to induce infringement ranged from mere sale of a patented component to active encouragement of infringing behavior.\(^\text{32}\) These conflicting definitions of induced infringement reflected the judiciary’s simultaneous effort to balance interests of patent holders and that of the free marketplace.\(^\text{33}\) Disparate holdings eventually prompted legislative action to clarify the limits of contributory infringement in 1952.\(^\text{34}\)

Despite codification of induced infringement in the Patent Act, courts remained divided over the requisite knowledge and intent for a defendant to be held liable for inducement.\(^\text{35}\) In 2011, the Supreme Court finally settled this ongoing debate in *Global-Tech Appliances v. SEB S.A.*\(^\text{36}\) Borrowing heavily from copyright law, the *Global-Tech* Court established a dual requirement by which the defendant must have knowledge of both the patent and infringement by a third party.\(^\text{37}\) Equipped with this new framework, courts presently face the task of navigating good faith defenses and their implications on the knowledge requirement of Section 271(b).\(^\text{38}\) Given the frequent overlap of patent, copyright, and trademark law, a comparison of knowledge requirements for inducement among intellectual property is helpful in analyzing courts’ current approaches to good faith defenses.\(^\text{39}\)

A. Indirect Infringement Functioned as Evidence of Contributory Infringement Before 1952

Prior to legislative action in 1952, indirect infringement functioned as evidence of contributory infringement.\(^\text{40}\) Courts initially determined

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30. See infra Part II.A–B.
31. See generally Thomson-Houston Elec. v. Ohio Brass, 80 F. 712 (6th Cir. 1897) (noting that liability for contributory infringement will attach to defendants inducing or promoting unlawful combinations of patented products).
32. See infra Part II.A.
33. See infra Part II.A.
34. See infra Part II.B.
35. See infra Part II.B.
37. *Id.* at 2063.
38. See infra Part II.C.
39. See infra Part II.D.
40. See infra Part II.A.1.
liability by examining potential uses of the alleged infringing product and active inducement by the defendant.\textsuperscript{41} Over time, however, liability for contributory infringement attached only to a defendant with the requisite knowledge.\textsuperscript{42} This element aided courts in not only targeting culpable parties but also curtailing the monopoly of patent owners over unpatented, unrestricted components and materials.\textsuperscript{43}

1. \textit{Extension of Contributory Infringement Liability to Protect Patent Holders}

Early judicial decisions preceding the Patent Act categorized infringement as either “direct” or “contributory.”\textsuperscript{44} Liability for contributory infringement was developed “under a theory of joint tortfeasance, wherein one who intentionally caused or aided and abetted the commission of a tort by another was jointly and severally liable with the primary tortfeasor.”\textsuperscript{45} Consequently, model instances of contributory infringement occurred when a third party sold a component in a patented invention that lacked any noninfringing uses. The primary case of \textit{Wallace v. Holmes}\textsuperscript{46} established that one who makes or sells an unpatented component for the sole use in a patented combination or process can be held liable for infringement.\textsuperscript{47} The complainants’ patent in \textit{Wallace} was for an improved lamp that consisted of a burner and a glass chimney.\textsuperscript{48} Defendants argued that because they only made and sold the burner, they could not be held liable.\textsuperscript{49} The circuit court found, however, that the burner was not only the distinguishing feature of the lamp but also was “utterly useless” standing alone.\textsuperscript{50} In addition, the defendants exhibited their burner, furnished with a chimney, and recommended it to customers, thus “inducing the unlawful use of the complainants’ invention.”\textsuperscript{51}

Decisions following \textit{Wallace} continued to impose liability where a component was useful only in a patented combination.\textsuperscript{52} In cases involving

\begin{itemize}
\item \textsuperscript{41} \textit{See infra} Part II.A.1.
\item \textsuperscript{42} \textit{See infra} Parts II.A.1–2.
\item \textsuperscript{43} \textit{See infra} Part II.A.2.
\item \textsuperscript{44} Hewlett-Packard Co. v. Bausch & Lomb, Inc., 909 F.2d 1464, 1468–69 (Fed. Cir. 1990).
\item \textsuperscript{45} \textit{Id.} at 1469 (first citing Thomson-Houston Elec. Co. v. Ohio Brass Co., 80 F. 712, 721 (6th Cir. 1897), and then citing Tubular Rivet & Stud Co. v. O’Brien, 93 F. 200, 202–05 (C.C.D. Mass. 1898)).
\item \textsuperscript{46} 29 F. Cas. 74 (C.C.D. Conn. 1871) (No. 17,100).
\item \textsuperscript{47} \textit{Id.} at 80.
\item \textsuperscript{48} \textit{Id.} at 79.
\item \textsuperscript{49} \textit{Id.} at 78–79.
\item \textsuperscript{50} \textit{Id.} at 79.
\item \textsuperscript{51} \textit{Id.} at 80.
\item \textsuperscript{52} \textit{See, e.g.,} N.Y. Scaffolding Co. v. Whitney, 224 F. 452, 459 (8th Cir. 1915) (“One who makes and sells articles which are only adapted to be used in a patented combination will be presumed to intend the natural consequences of his acts . . . .”).
\end{itemize}
components capable of both infringing and innocent uses, however, courts have found intent of contributory infringement only if the defendants engaged in active inducement, such as instructions or advertising.\(^{53}\) For instance, the circuit court in *Weed Chain Tire Grip Co. v. Cleveland Chain & Manufacturing Co.*\(^{54}\) issued a preliminary injunction where defendants placed in the market, and advertised in circulars, a chain grip that was “substantially identical” to plaintiff’s patented grip.\(^{55}\) Conversely, the Sixth Circuit Court of Appeals in *Edison Electric Light Co. v. Peninsular Light, Power & Heat Co.*\(^{56}\) dismissed an action for patent infringement against a company that supplied electrical power “suitable for a great variety or methods of use” and sold by the defendant without intent that “it was to be used in an infringing way.”\(^{57}\)

In *Thomson-Houston Electric Co. v. Kelsey Electric Railway Specialty Co.*,\(^{58}\) the Connecticut Circuit Court extended the “intent” element of contributory infringement to include knowledge and indifference as to the consequences of one’s acts.\(^{59}\) On appeal, the United States Court of Appeals for the Second Circuit inferred a proposed concert of action between the Kelsey Company and the infringers given that the defendants were willing “to sell to any and all purchasers, irrespective of their character as infringers.”\(^{60}\) Moreover, the court in *Kelsey* asserted that defendants have a “duty of careful investigation” as to the character of their purchasers and “an abandonment of indifference as to whether they are seeking” to infringe upon the rights of the patent owner.\(^{61}\)

Ambiguities embedded in the *Kelsey* decision surfaced in the 1898 case of *Tubular Rivet & Stud Co. v. O’Brien*, signaling the first restriction of contributory infringement liability.\(^{62}\) The court observed that “[t]he doctrine that one who furnishes materials, knowing their proposed use [is a tort], becomes thereby a tortfeasor . . . is certainly novel.”\(^{63}\) Rather, the court argued, joint and several liability depends “upon the meaning attached

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\(^{53}\) See, e.g., *Graham Paper Co. v. Int’l Paper Co.*, 46 F.2d 881, 886 (8th Cir. 1931) (finding liability where a defendant made “sales of mulch paper adapted for use in accordance with the methods covered by both patents, and was expressly recommending and explaining to purchasers how to make use of the paper in accordance with those methods”).

\(^{54}\) 196 F. 213 (C.C.D. Ohio 1910).

\(^{55}\) *Id.* at 214–15.

\(^{56}\) 101 F. 831 (6th Cir. 1900).

\(^{57}\) *Id.* at 833.

\(^{58}\) 72 F. 1016 (C.C.D. Conn. 1896) (relying on *Travers v. Beyer*, 26 F. 450 (C.C.N.Y. 1886)).

\(^{59}\) *Id.* at 1018.


\(^{61}\) *Id.* at 1010.


\(^{63}\) *Id.* at 202.
to the words ‘participation,’ ‘aiding,’ and ‘abetting.’" The court concluded that the knowledge element of contributory infringement included knowledge of not only the physical destination of the infringing product but also of the patent. Moreover, “a defendant will be restrained only . . . after it has been judicially determined” that the patent is valid and his action is a tort.

2. Curtailment of Contributory Infringement Liability to Balance the Rights of Patentees and the Free Marketplace

Gradual efforts by courts to curtail the monopoly of patent owners over unpatented components and materials accompanied adjudications of contributory infringement claims in the twentieth century. Courts began to start protecting “the free sale and use of unpatented articles of trade and commerce.” Before 1917, courts extended contributory infringement remedies to the enforcement of patent restrictions on the use of unpatented materials and supplies. The Supreme Court affirmed this notion in *Henry v. A.B. Dick Co.* Although the Court opined that inferring liability from a mere sale of potentially infringing components “would block the wheels of commerce,” it nevertheless held liable a licensee who violated use restrictions of a patented device. Five years later, however, the Supreme Court overruled *Henry*, recognizing its potential to grant patent owners an unbridled monopoly. In *Motion Pictures Patents Co. v. Universal Film Manufacturing Co.*, the Court held:

[T]he exclusive right granted in every patent must be limited to the invention described in the claims of the patent and . . . it is not

64. Id.

65. Id. at 203.

66. Id. at 205.

67. See, e.g., Motion Picture Patents Co. v. Universal Film Mfg. Co., 243 U.S. 502, 510 (1917) (“[T]he patentee receives nothing from the law which he did not have before, and that the only effect of his patent is to restrain others from manufacturing, using or selling that which he has invented. The patent law simply protects him in the monopoly of that which he has invented and has described in the claims of his patent.” (first citing United States v. Am. Bell Tel. Co., 167 U.S. 224, 239 (1897); then citing Cont’l Paper Bag Co. v. E. Paper Bag Co., 210 U.S. 405, 424 (1908); and then citing Bauer & Cie v. O’Donnell, 229 U.S. 1, 10 (1913))).


69. See Heaton-Peninsular Button-Fastener Co. v. Eureka Specialty Co., 77 F. 288, 296 (6th Cir. 1896) (“The monopoly in the unpatented staple results as an incident from the monopoly in the use of complainant’s invention, and is therefore a legitimate result of the patentee’s control over the use of his invention by others.”).

70. 224 U.S. 1, 31–32 (1912).

71. Id. at 48–49. The complainant sold his patented “Rotary Mimeograph” under a license restriction that the machine be used only with unpatented stencil paper, ink, and other supplies sold by the complainant. Id. at 11.


73. 243 U.S. 502 (1917).
competent for the owner of a patent by notice attached to its machine to, in effect, extend the scope of its patent monopoly by restricting the use of it to materials necessary in its operation but which are no part of the patented invention . . . .

Despite this holding, the doctrine of contributory infringement continued to be misconceived and misapplied. Congress enacted the Patent Act in 1952 after the Supreme Court in Mercoid Corp. v. Mid-Continent Inv. Co. urged Congress to “define the appropriate limits of the doctrine of contributory infringement.”

B. Following the Patent Act of 1952, Courts Uniformly Imposed a Knowledge Requirement for Induced Infringement

The Patent Act’s division of indirect liability into induced Section 271(b) infringement and contributory Section 271(c) infringement aimed to stabilize and clarify the law. Section 271(b) provides that, “[w]hoever actively induces infringement of a patent shall be liable as an infringer.” Although Section 271(b) does not incorporate “the word ‘knowingly,’ [the Federal Circuit] uniformly imposed a knowledge requirement.” Generally, courts looked for a “specific intent,” rather than mere knowledge of possible infringement by others, to prove contributory infringement. This intent, however, materialized in different forms among the circuit courts, which remained divided over the requisite level of intent.

74. Id. at 516.

75. See generally Mercoid Corp. v. Mid-Continent Inv. Co., 320 U.S. 661 (1944) (Frankfurter, J., dissenting) (calling for the definition of the appropriate limits of the doctrine of contributory infringement to prevent its further misapplication).

76. Id.

77. See generally Dawson Chem. Co. v. Rohm & Haas Co., 448 U.S. 176, 203–04 (1980) (“[A]lthough the general purpose of the Act was to clarify existing law, it also included several changes . . . . In explaining the provisions of § 271, the Reports stated that they were intended ‘to codify in statutory form the principles of contributory infringement and at the same time [to] eliminate [the] doubt and confusion’ that had resulted from ‘decisions of the courts in recent years.’” (citing H.R. REP. NO. 82-1923, at 9 (1952))).


79. Moba, B.V. v. Diamond Automation, Inc., 325 F.3d 1306, 1318 (Fed. Cir. 2003) (first citing Water Techs. Corp. v. Calco, Ltd., 850 F.2d 660 (Fed. Cir. 1988); and then citing C.R. Bard, Inc. v. Advanced Cardiovascular Sys., Inc. 911 F.2d 670 (Fed. Cir. 1990)); see also Water Techs. Corp., 850 F.2d at 668 (“Although section 271(b) does not use the word ‘knowing,’ the case law and legislative history uniformly assert such a requirement.” (citing 4 D. CHISUM, PATENTS §§ 17-04[2], [3] (1984))).

80. See Manville Sales Corp. v. Paramount Sys., Inc., 917 F.2d 544, 553 (Fed. Cir. 1990) (“It must be established that the defendant possessed specific intent to encourage another’s infringement and not merely that the defendant had knowledge of the acts alleged to constitute inducement.”).

81. See infra Part II.B.1.
Global-Tech Appliances, Inc. v. SEB S.A., concluding that induced infringement requires knowledge that the induced acts constitute patent infringement.82

1. A Lack of Clarity Exists in the Federal Circuit Regarding the Required Level of Intent

While the “specific intent” element of Section 271(b) was firmly established in case law, “there [remained] a lack of clarity concerning whether the required intent must be merely to induce the specific acts or additionally to cause an infringement.”83 This splinter arose from two 1990 Federal Circuit decisions reaching contrasting results: Hewlett-Packard Co. v. Bausch & Lomb, Inc.84 and Manville Sales Corp. v. Paramount Systems, Inc.85

In Hewlett-Packard, defendant Bausch & Lomb sold a license for an infringing product to a third party and indemnified that party for patent liability.86 Subsequently, Hewlett-Packard sued Bausch & Lomb for induced infringement.87 The court opined that while Section 271(b) does not mention intent on its face, “proof of actual intent to cause [infringing acts] is a necessary prerequisite to finding active inducement.”88 Manville, on the other hand, articulated a stricter standard.89 The inducement claim arose after an employee at Paramount circulated a drawing of the plaintiff’s patented product, which was subsequently used by the defendant to make and sell the infringing product.90 In rejecting the claim, the court found that knowledge of the alleged infringing conduct was insufficient; rather, “[t]he plaintiff has the burden of showing that the alleged infringer’s actions induced infringing acts and that he knew or should have known his actions would induce actual infringements.”91

Federal Circuit and district court opinions continued to struggle with this division of authority up until, and even after, the en banc DSU Medical
Corporation v. JMS Corp. 92 decision in 2006. 93 Plaintiffs DSU Medical Corporation and Medisystems Corporation held a patent for a guarded, winged-needle assembly that reduced the risk of accidental needle-stick injuries. 94 Defendants sold an identical needle guard, but as a “stand-alone” product without a needle attached. 95 The Federal Circuit Court of Appeals upheld the Manville standard. 96 Under this standard, a plaintiff must show that the alleged infringer knew of the patent and that she knew or should have known her actions would induce actual infringement. 97 The court in DSU Medical ultimately held that although the defendant was aware of plaintiffs’ patent, it had relied on advice from both the U.S. patent counsel and attorneys that its product was noninfringing. 98 Therefore, the defendant lacked specific intent. 99 In formulating this conclusion, the court also relied heavily on the Supreme Court’s decision in a case of induced copyright infringement, Studios, Inc. v. Grokster, Ltd. 100 In Grokster, the Supreme Court asserted that, “[t]he inducement rule . . . premises liability on purposeful, culpable expression and conduct.” As such, specific intent is evidenced by “affirmative steps taken to foster infringement.” 101

2. Resolution of the Intent Requirement in Global-Tech

In the 2011 decision Global-Tech Appliances, Inc. v. SEB S.A., the Supreme Court addressed Section 271(b) for the first time and concluded that induced infringement requires knowledge that the induced acts constitute patent infringement. 102 The facts of the case surround a “cool-touch” deep fryer patented by SEB S.A. 103 In 1997, Sunbeam Products, Inc., a U.S. competitor of SEB, commissioned Global-Tech Appliances’ Hong Kong subsidiary, Pentalpha Enterprises, Ltd., to supply it with deep fryers meeting certain specifications. 104 Pentalpha copied the cosmetic features of an SEB fryer and sold the product to Sunbeam; in turn, Sunbeam

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92. 471 F.3d 1293 (Fed. Cir. 2006) (en banc).
93. See, e.g., Jamison v. Olin Corp.-Winchester Div., No. 03-1036-KJ, 2005 WL 7213838, at *12 (D. Or. Oct. 4, 2005) (“But what is it that the inducer must have intended? Quite remarkably, this remains, in Federal Circuit jurisprudence and elsewhere, the major unanswered question about § 271(b).”).
94. DSU Med. Corp., 471 F.3d at 1297.
95. Id. at 1298.
96. Id. at 1304.
97. Id.
98. Id. at 1307.
99. Id.
100. 545 U.S. 913 (2005); DSU Med. Corp., 471 F.3d at 1305.
101. Grokster, 545 U.S. at 937.
103. Id. at 2063.
104. Id. at 2064.
resold them in the United States at a lower price point. For inducing Sunbeam to infringe, SEB brought suit against Pentalpha.

In its decision, the Supreme Court noted that both the statutory text and case law lack a definitive articulation of the knowledge requirement. The Court ultimately invoked its decision in Aro Manufacturing Co. v. Convertible Top Replacement Co. ("Aro II"), which is now a fixture of contributory infringement. In Aro II, the Supreme Court held that a violator “must know ‘that the combination for which his component was especially designed was both patented and infringing.’” Considering the historical connection of contributory and induced infringement, the Global-Tech Court felt compelled to apply the same knowledge requirement for Section 271(c) to 271(b). Accordingly, the Court held that induced infringement requires knowledge of the patent and knowledge that the induced acts constitute patent infringement.

Furthermore, the Court emphasized that the proper doctrine to determine knowledge is that of “willful blindness” developed in criminal law. The doctrine requires that: (1) “the defendant . . . subjectively believe that there is a high probability that a fact exists” and (2) that “the defendant . . . take deliberate actions to avoid learning of that fact.” Under this formulation, a willfully blind defendant can be said to know the critical facts that translate into the requisite intent for induced infringement.

105. Id.
106. Id.
107. Id. at 2065.
111. Id.
112. Id. at 2068.
113. Id.
114. Id. at 2070 (first citing United States v. Perez–Melendez, 599 F.3d 31, 41 (1st Cir. 2010); then citing United States v. Svoboda, 347 F.3d 471, 477–78 (2d Cir. 2003); then citing United States v. Stadtmuer, 620 F.3d 238, 257 (3d Cir. 2010); then citing United States v. Schnabel, 939 F.2d 197, 203 (4th Cir. 1991); then citing United States v. Freeman, 434 F.3d 369, 378 (5th Cir. 2005); then citing United States v. Holloway, 731 F.2d 378, 380–81 (6th Cir. 1984) (per curiam); then citing United States v. Draves, 103 F.3d 1328, 1333 (7th Cir. 1997); then citing United States v. Florez, 368 F.3d 1042, 1044 (8th Cir. 2004); then citing United States v. Heredia, 483 F.3d 913, 917, 920 (9th Cir. 2007) (en banc); then citing United States v. Glick, 710 F.2d 639, 643 (10th Cir. 1983); then citing United States v. Perez–Tosta, 36 F.3d 1552, 1564 (11th Cir. 1994); and then citing United States v. Alston–Graves, 435 F.3d 331, 339–41 (D.C. Cir. 2006)).
115. Id. at 2070–71.
C. Subjective Good Faith Defenses May Negate the Requisite Intent for Induced Infringement Liability

A demonstration of a good faith, subjective belief by the defendant may preclude a finding of liability for induced infringement.\textsuperscript{116} Many of these subjective defenses stem from good faith yet misplaced reliance on advice of counsel as to noninfringement and invalidity of a patent.\textsuperscript{117} Ultimately, a court will consider the defense, if at all, under a totality of the circumstances standard.\textsuperscript{118}

1. Advice of Counsel

Parties invoking subjective belief as a defense to infringement liability often rely on advice of counsel.\textsuperscript{119} In order to demonstrate a lack of the requisite intent to infringe, a party need “not only to show an opinion from competent counsel [as to noninfringement or invalidity] but also that it had exercised reasonable and good faith adherence to the analysis and advice therein.”\textsuperscript{120} In the same vein, “intentional disregard of . . . counsel’s opinion negates any inference of good faith, placing [a party] in the same position as one who failed to secure the advice of counsel.”\textsuperscript{121} Moreover, parties who fail to “obtain competent legal advice from counsel before the initiation of any possible infringing activity” or proceed upon a biased opinion will have trouble demonstrating good faith reliance.\textsuperscript{122}

For example, the court in \textit{Manville} found that Paramount’s actions did not amount to knowledge, given that the company was “not aware of [plaintiff]’s patent until suit was filed, and that [its] subsequent infringing acts continued upon . . . a ‘good faith belief,’ based on advice of counsel, that [its] product did not infringe.”\textsuperscript{123} Similarly, the court in \textit{DSU Medical Corp.} held that since defendants demonstrated reliance on opinions of non-infringement from U.S. patent counsel, they did not believe or intend to be

\begin{footnotes}
\footnote{116. See \textit{infra} Part II.C.1–2.}
\footnote{117. See \textit{infra} Part IV.C.1.}
\footnote{118. See \textit{infra} Part IV.C.2.}
\footnote{119. See, e.g., \textit{Universal City Studios, Inc. v. Nintendo Co.}, 109 F.R.D. 121, 123 (S.D.N.Y. 1985) (“The central issue on which . . . testimony [from counsel for Universal] would have been relevant was whether Universal initiated this action in ‘good faith.’”).}
\footnote{120. \textit{Cent. Soya Co. v. Geo. A. Hormel & Co.}, 723 F.2d 1573, 1577 (Fed. Cir. 1983).}
\footnote{121. \textit{Id.} (citing \textit{Milgo Elec. Corp. v. United Bus. Commc’ns, Inc.}, 623 F.2d 645, 665 (10th Cir. 1980)).}
\end{footnotes}
On the other hand, the court in *Central Soya Co. v. Geo. A. Hormel & Co.* found the defendant Hormel liable for induced infringement after it consciously disregarded recommendation by counsel to create a product substantially different from the patented product.125 The court opined that Hormel, although on notice of Central Soya’s patent rights, ignored its affirmative duty to exercise due care and thus possessed sufficient intent to infringe.126

While not as prevalent as opinions of noninfringement, advice of counsel as to patent invalidity has also surfaced in several decisions. In *Kolmes v. World Elastic Corp.*, the Middle District of North Carolina asserted that defendants, who after consulting counsel maintained a good faith belief in the invalidity of the patent in suit, “did not possess the requisite specific intent . . . for actively inducing infringement.”128 Moreover, the district court in *VNUS Medical Technologies, Inc. v. Diomed Holdings, Inc.*129 denied summary judgment of induced infringement where “each defendant . . . offered evidence that it sought and obtained the opinion of counsel, who . . . provided an opinion . . . [that] the patents were invalid.”130 Although advice of counsel regarding noninfringement or invalidity weigh in favor of a determination of good faith, many courts do not think reliance on advice of counsel is dispositive.131

2. Totality of the Circumstances Standard

Reliance on competent legal advice is only one of several steps potential infringers must take to exercise due care and thus demonstrate the good faith of their actions.132 A consideration of the totality of the circumstances is necessary “in determining whether a reasonable person

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124. 471 F.3d 1293, 1307 (Fed. Cir. 2006) (en banc); see also Betcher Indus., Inc. v. Bunzl USA, Inc., 661 F.3d 629, 649 (Fed. Cir. 2011) (finding opinion of counsel regarding noninfringement “admissible, at least with respect to [defendant]’s state of mind and its bearing on indirect infringement.” (citing DSU Med. Corp., 471 F.3d at 1307)).

125. 723 F.2d 1573, 1577 (Fed. Cir. 1983).

126. Id.


128. Id. at *10 (citing 35 U.S.C. § 271(b) (1994)).


130. Id. at *1; see also DataQuill Ltd. v. High Tech Comput. Corp., 887 F.Supp.2d 999, 1012–13 (S.D. Cal. 2011) (indicating that a belief of invalidity may present a triable issue of fact as to intent to induce infringement).


132. See, e.g., Gen. Elec. Co. v. Sciaky Bros., 415 F.2d 1068, 1073 (6th Cir. 1969) (recognizing that “a good-faith opinion by competent and independent patent counsel may be important evidence to be weighed on the issue of ‘honest doubt’ of patent validity” but it was not conclusive (first citing Cont’l Can Co. v. Anchor Hocking Glass Corp., 362 F.2d 123 (7th Cir. 1966); and then citing Union Carbide Corp. v. Graver Tank & Mfg., Co., 282 F.2d 655 (7th Cir. 1960))).
would prudently conduct himself with any confidence that the courts might hold the patent invalid” or conduct noninfringing. The court in *Ecolab, Inc. v. FMC Corp.* found such reasonable belief where the accused party regarded its product as falling outside the scope of the patent. Therefore, the jury reasonably concluded that Ecolab lacked the intent required for induced infringement. Similarly, defendants in *Kinetic Concepts, Inc. v. Blue Sky Medical Group, Inc.* avoided liability because they reasonably believed their product was an invention freely found in the public domain.

3. Negative Opinions Regarding Good Faith Defenses

Several decisions purport a complete eradication of subjective belief from the intent analysis. By following the standard set forth in *Hewlett-Packard*, the district court in *Sandisk Corp. v. Lexar Media, Inc.* rejected Lexar’s argument that a plaintiff must prove as a matter of law that the defendant subjectively believed its actions were infringing. In *Nordberg Manufacturing Co. v. Jackson Vibrators, Inc.*, the defendant claimed that although he was aware of the patent’s existence, he did not know his operations infringed on those protected rights. The court doubted the proposition that liability for contributory infringement could be avoided when an alleged infringer “arrives at its own independent judgment on the legal question of non-infringement;” this would leave a patentee unprotected until the conclusion of litigation. These decisions reflect how some courts may view subjective, good faith defenses as liability loopholes and thus resist their implementation.

133. *Cent. Soya Co.*, 723 F.2d at 1577 (citing *Underwater Devices, Inc. v. Morrison-Knudsen Co.*, 717 F.2d 1380, 1390 (Fed. Cir. 1983)).
134. 569 F.3d 1335, 1351 (Fed. Cir. 2009).
135. Id. at 1351.
136. Id.
137. 554 F.3d 1010 (Fed. Cir. 2009).
138. Id. at 1025; see also *Oplus Techs., Ltd. v. Sears Holdings Corp.*, 2013 U.S. Dist. LEXIS 145917, at *21–22 (C.D. Ca. Oct. 2, 2013) (finding defendants’ subjective belief of noninfringement held in good faith given the numerous other methods available to perform the patented process).
139. 91 F. Supp. 2d 1327 (N.D.Cal. 2000).
140. Id. at 1335.
142. Id. at *7.
143. Id.
D. Intent for Induced Infringement and Applicability of Good Faith Defenses Within Patent Law Function Similarly in Copyright and Trademark Law

Intellectual property law—patent, trademark, and copyright law—share similar approaches to both induced infringement and good faith defenses. Like patent law, trademark and copyright law demand a showing of “specific intent” to impose liability for induced infringement. Moreover, the merit of subjective, good faith defenses aid courts in determining the “willfulness” of alleged infringers.

1. Intent for Induced Infringement in Copyright and Trademark Law

Cases of copyright and trademark induced infringement demand a similar level of knowledge to impose liability. For instance, legislative history of the Copyright Act supports that mere “evidence of reproduction or distribution of a copyrighted work, by itself, shall not be sufficient to establish willful infringement.” Upon passage of the 1997 amendment, Senator Hatch clarified that, “‘willful’ ought to mean the intent to violate a known legal duty.” In the aforementioned Grokster opinion, the Supreme Court adapted the inducement rule to impose liability on distributors whose words and deeds “show[] a purpose to cause and profit from third-party acts of copyright infringement.” The Grokster Court clarified that such purpose cannot arise from mere knowledge of a product’s characteristics or that it might be put to infringing use, but rather a higher level of intent.

In addition, the Ninth Circuit Court of Appeals, in *United States v. Liu*, recently explored the intent requirement for trafficking counterfeit

144. See infra Part II.D.1–2.
145. See infra Part II.D.1.
146. See infra Part II.D.2.
147. See, e.g., Universal Commc’ns Sys., Inc. v. Lycos, Inc., 478 F.3d 413, 420–21 (1st Cir. 2007) (“[C]opyright liability could be premised on a theory of active inducement of infringement, so that ‘one who distributes a device with the object of promoting its use to infringe copyright, as shown by clear expression or other affirmative steps taken to foster infringement, is liable for the resulting acts of infringement by third parties.’” (quoting MGM Studios, Inc. v. Grokster, Ltd., 545 U.S. 913, 936–37 (2005))).
151. Id. at 935.
152. 731 F.3d 982 (9th Cir. 2013).
labels. The defendant Liu commercially replicated CDs and DVDs on a large scale without permission from the copyright holder. Nevertheless, the court declined to impose liability. The government could not prove that the “defendant knew he was acting illegally rather than simply that he knew he was making copies.” Despite acknowledging “the general rule . . . that ignorance of the law or a mistake of law is no defense,” the Liu court opted for a higher intent requirement. Given that average citizens may not readily comprehend the complicated structure of modern statutes and regulations, the government must prove “specific intent.”

Trademark cases have similarly extended liability “beyond those who actually mislabel goods with the mark of another.” Despite lacking direct control over the chain of distribution, manufacturers and suppliers who intentionally induce others to infringe a patent will be contributorily responsible for any resulting harms. This intent required in trademark law falls at a lower standard than patent and copyright law. A finding of induced infringement in trademark will impute liability to defendants supplying “its product to one whom it knows or has reason to know is engaging in trademark infringement.”

2. Good Faith Defenses

While defenses premised on subjective belief rarely preclude liability in cases of copyright and trademark infringement, such defenses do play a central role in determining the “willfulness” of a defendant’s conduct. Exceptional cases in which a defendant engages in “malicious,” “fraudulent,” “deliberate,” or “willful” conduct may result in attorney’s fees for the prevailing party. Attorney’s fees are inappropriate, however,

153. *Id.* at 985.
154. *Id.*
155. *Id.*
156. *Id.*
157. *Id.* at 989 (quoting *Cheek v. United States*, 498 U.S. 192, 199–200 (1991)).
158. *Id.*
160. *Id.* at 853–54.
161. *Id.* (first citing *William R. Warner & Co. v. Eli Lilly & Co.*, 285 U.S. 526 (1924); and then citing *Coca-Cola Co. v. Snow Crest Beverages*, Inc., 64 F. Supp. 980 (Mass. 1946), *aff’d*, 162 F.2d 280 (1st Cir. 1946)).
162. See, e.g., *Buca di Bacco*, Inc. v. *Buca di Bacc’,* Inc., 828 F. Supp. 31, 32 (S.D. Tex. 1993) (“[A] case may not be exceptional, even when deliberate copying occurs, if ‘the party presents what it in good faith believes may be a legitimate defense.’” (quoting *CJC Holdings*, Inc. v. *Wright & Lato*, Inc., 979 F.2d 60, 66 (5th Cir. 1992))).
“where the infringer believed in good faith that he could lawfully use the plaintiff’s product.”\textsuperscript{164}

Moreover, subjectivity is highly relevant in analyzing the potential fraudulency of trademark application oaths. In a case before the Trademark Trial and Appeal Board, California pizza company Woodstock’s Enterprises, Inc. alleged that an Oregon-based company bearing the same name obtained its registration knowing that the mark “Woodstock’s” was already used by the petitioner.\textsuperscript{165} In denying the allegation, the Board noted that application oaths are “phrased in terms of a subjective belief, thereby making it extremely difficult to prove fraud so long as the signer had an honestly held, good faith belief.”\textsuperscript{166} Given a reasonably held and honest, although incorrect, good faith belief that a party is the senior user of the registered mark, a defendant will escape liability for trademark fraud.\textsuperscript{167}

In light of seemingly well-established intent requirements for induced infringement liability among intellectual property law, there remains disparate treatment of subjective good faith defenses.\textsuperscript{168} Consequently, both patent holders and courts struggle with adequately protecting patent rights.\textsuperscript{169} In order to provide more transparency to the patent market, the Supreme Court was forced to established a uniform approach to subjective, good faith defenses.\textsuperscript{170}

III. THE COURT’S REASONING

In \textit{Commil USA, LLC v. Cisco Systems, Inc.}, the Supreme Court vacated the judgment of the Federal Circuit and held that a defendant’s good faith belief regarding patent validity was not a defense to a claim of induced infringement.\textsuperscript{171} Relying on the long-accepted truth that “[v]alidity and infringement are distinct issues, bearing different burdens, different presumptions, and different evidence,” the Court declined to recognize a good faith belief of invalidity as negating the scienter requirement for induced infringement under Section 271(b).\textsuperscript{172}

The Court began its analysis by reaffirming the decision in \textit{Global-Tech Appliances, Inc. v. SEB S.A.},\textsuperscript{173} which held that, “liability for induced

\textsuperscript{166} Id. at 1444.
\textsuperscript{167} Id. at 1444–45.
\textsuperscript{168} \textit{See supra} Part II.C.
\textsuperscript{169} \textit{See supra} Part II.
\textsuperscript{170} \textit{See infra} Part III.
\textsuperscript{171} 135 S. Ct. 1920, 1922 (2015).
\textsuperscript{172} \textit{Id. at} 1929 (quoting \textit{Commil USA, LLC v. Cisco Sys., Inc.}, 720 F.3d 1361, 1374 (Fed. Cir. 2013) (Newman, J., dissenting)).
\textsuperscript{173} 563 U.S. 754 (2011).
Infringement can only attach if the defendant knew of the patent and knew as well that ‘the induced acts constitute patent infringement.’\textsuperscript{174} Contrary to assertions made by Commil and the Government in its supporting amicus brief, the Court emphasized that inducement liability requires a higher mental state and thus proof that the defendant knew the acts were infringing.\textsuperscript{175}

In light of this twofold scienter requirement, the Court then considered whether a defendant’s belief regarding patent validity is a defense to a claim of induced infringement.\textsuperscript{176} Through analysis of precedent\textsuperscript{177} and the organization of the Patent Act,\textsuperscript{178} the Court determined that infringement and validity are distinct issues; thus, “permitting a defense of belief in invalidity . . . would conflate [the two].”\textsuperscript{179} Moreover, the Court contended that allowing this new defense would undermine the core presumption presented in the Patent Act and case law that a patent is “presumed valid.”\textsuperscript{180} If a defendant could prevail by reasonably proving his belief in invalidity, the Court argued, he would circumvent the high standard of clear and convincing evidence chosen by Congress.\textsuperscript{181} Consequently, the Court regarded invalidity as an affirmative defense to liability for otherwise infringing conduct, not infringement itself.\textsuperscript{182}

The Court also indicated several practical reasons not to create a defense based on a good faith belief in invalidity.\textsuperscript{183} For instance, the Court pointed to other methods available to accused inducers wishing to invalidate a patent, such as filing a declaratory judgment action or seeking inter partes review at the Patent Trial and Appeal Board.\textsuperscript{184} In addition, the Court claimed that the defense could render litigation more burdensome.\textsuperscript{185} According to the Court, every accused inducer would be incentivized to put forth a theory of invalidity, resulting in increased discovery costs and a

\textsuperscript{174} Commil, 135 S. Ct. at 1926 (quoting Global-Tech Appliances, Inc. v. SEB S.A., 131 S. Ct. 2060, 2068 (2011)).
\textsuperscript{175} Id. at 1927–28.
\textsuperscript{176} Id. at 1928.
\textsuperscript{179} Id.
\textsuperscript{180} Id. at 1929 (quoting 35 U.S.C. § 282(a) (2012)).
\textsuperscript{181} Id. (citing Microsoft Corp. v. i4i Ltd. P’ship, 131 S. Ct. 2238, 2245–47 (2011)).
\textsuperscript{182} Id.
\textsuperscript{183} Id.
\textsuperscript{184} Id. (citing MedImmune, Inc. v. Genentech, Inc., 549 U.S. 118, 137 (2007)).
\textsuperscript{185} Id.
higher likelihood that the defendant will prevail. 186 Lastly, the Court rejected the defense in light of general principles, such as an act being “intentional” for purposes of civil liability despite the actor lacking actual knowledge and “that ignorance of the law or a mistake of law is no defense to criminal prosecution.” 187

At the conclusion of its opinion, the majority stressed the importance of dissuading frivolous claims made by companies wielding patents as “a sword to go after defendants for money.” 188 Through safeguards outlined by the Court, such as sanctioning attorneys and awarding fees to prevailing parties, courts can ensure the abatement of this tactic. 189 The Court argued that these precautions, along with the other avenues available to dispute validity, “militate in favor of maintaining the separation . . . between infringement and validity.” 190 As such, the Court concluded that a belief in invalidity is no defense to a claim of induced infringement. 191

In dissent, Justice Scalia agreed that Section 271(b) requires knowledge of the infringing nature of the induced acts but disagreed with the majority’s holding. 192 He argued that only valid patents confer exclusive rights susceptible to infringement. 193 Consequently, “anyone with a good-faith belief in a patent’s invalidity necessarily believes the patent cannot be infringed” and thus lacks the scienter element necessary for induced infringement. 194 The majority’s arguments contrary to this position, Justice Scalia opined, were unpersuasive. 195 First, Justice Scalia asserted that while infringement and validity are separate issues, this distinction is irrelevant. “Recognizing that infringement requires validity” would not conflate the issues. 197 Furthermore, a defense based on a good faith belief in invalidity would not undermine the statutory presumption of validity. 198 An accused inducer who succeeds with this
defense, he explained, would merely escape liability, not call into question that patent’s validity.199

Lastly, Justice Scalia noted that the Court does not create defenses but rather interprets the Patent Act to decide whether a defense is sound.200 The Patent Act, Justice Scalia points out, requires knowledge of infringement for induced infringement liability.201 Given that “there can be no infringement (and hence no knowledge of infringement) of an invalid patent[, a] good-faith belief in invalidity is a defense.”202 Therefore, Justice Scalia urged that proper interpretation of the Patent Act calls for the acceptance of a good faith belief of invalidity as a viable defense to induced infringement.203

IV. ANALYSIS

In Commil USA, LLC v. Cisco Systems, Inc., the Supreme Court found that invalidity was a defense to liability, not to infringement. The Supreme Court therefore held that a belief as to invalidity could not negate the scienter required for induced infringement.204 Although the Commil Court reached the appropriate conclusion, its reasoning was misguided.205 The majority shaped its argument primarily around the structural and historical separation of “validity” and “infringement” under patent law.206 This tenuous distinction, however, poses logistical hurdles for courts and scholars alike.207

The Commil Court could have further clarified the existing intent requirement by including the following policy rationales that support Section 271(b).208 Both the judiciary and the legislature have made extensive efforts to formulate an intent requirement for induced infringement that favors protection of patentees and the free marketplace equally.209 Permitting a good faith defense in invalidity would not only obfuscate infringement claims against potential inducers but also could permit defendants to evade liability entirely.210 Furthermore, the policy justifications behind induced infringement closely resemble inducement in

199. Id. at 1932.
200. Id.
201. Id.
202. Id.
203. Id.
204. Id. at 1931 (majority opinion).
205. See infra Part IV.
206. See infra Part IV.A.
207. See infra Part IV.A.
208. See infra Part IV.B.
209. See infra Part IV.B.
210. See infra Part IV.B.
By making this correlation, the Commil Court would have made additional strides in aligning the doctrines of intellectual property law. Given the current pattern of judicial cross-application of these doctrines, this result would facilitate the ability of courts to seek guidance from other areas of intellectual property law. With this alternative line of reasoning, the Supreme Court’s holding would have also furnished further clarity and consistency to both patent law and intellectual property law as a whole.

A. The Tenuous Distinction Between “Infringement” and “Validity” Provides a Weak Foundation for the Holding in Commil

The crux of the Supreme Court’s decision in Commil, distinguishing “infringement” and “validity” as separate issues, provided a weak foundation for the ultimate holding. The Commil Court attempted to clarify the “axiom” articulated by the Federal Circuit—“that one cannot infringe an invalid patent.” In doing so, the majority itself acknowledged that “[t]o say that an invalid patent cannot be infringed, or that someone cannot be induced to infringe an invalid patent, is in one sense a simple truth, both as a matter of logic and semantics.” Nevertheless, the Court maintained that the two issues are entirely distinct. This language alone reflects two competing representations of the relationship between “infringement” and “validity.” On one hand, as endorsed in Commil, infringement and validity are independent claims. On the other hand, infringement logistically presupposes the existence of a valid patent. Given the following range of influential evidence on both sides of this argument, this controversial distinction ultimately undermines the Supreme Court’s reasoning.

The structure of the Patent Act and prior case law demonstrate “the long-accepted truth . . . that infringement and invalidity are separate matters under patent law.” First, the Patent Act of 1952 incorporates two chapters, “Infringement of Patents” and “Remedies for Infringement of copyright and trademark law.” By making this correlation, the Commil Court would have made additional strides in aligning the doctrines of intellectual property law. Given the current pattern of judicial cross-application of these doctrines, this result would facilitate the ability of courts to seek guidance from other areas of intellectual property law. With this alternative line of reasoning, the Supreme Court’s holding would have also furnished further clarity and consistency to both patent law and intellectual property law as a whole.

211. See infra Part IV.C.
212. See infra Part IV.C.
214. See infra Part IV.C.
216. Id. at 1929 (citing M. Swift & Sons, Inc. v. W.H. Coe Mfg. Co., 102 F.2d 391, 396 (1st Cir. 1939)).
217. Id. at 1928.
218. Id. (citing Pandrol USA, LP v. Airboss Ry. Prods., Inc., 320 F.3d 1354, 1365 (Fed. Cir. 2003)).
Patent, and Other Actions.” While the former chapter defines what constitutes infringement of a patent, the latter chapter pertains to defenses to liability, including those based on invalidity. By separating the statutory requirements for both, Congress presumably intended for the issues to remain separate. Second, precedent similarly purports that the two claims are independent, serving as “alternative grounds” for dismissing suits.

Moreover, the issue of infringement is “capable of determination without regard to its validity.” To determine infringement, courts compare the asserted patent claims, regardless of validity, to the accused products or process. Validity, however, is governed by separate tests. Preliminarily, a patent is presumed valid; next, “the party attacking validity has the burden of proving facts supporting a conclusion of invalidity by clear and convincing evidence.” A defendant can argue invalidity on several grounds, including anticipation, obviousness, indefiniteness, and insufficient description. In addition, most courts consider deciding validity and infringement independently a better practice “to avert unnecessary remand in the event” claims are held valid on appeal. Consequently, “[c]ourts constantly hold claims infringed but invalid.”

Conversely, the Patent Act and prior case law equally demonstrate that a finding of infringement presupposes patent validity. For instance, Section 271(b) defines induced infringement by referring to a patent being

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226. See, e.g., Markman v. Westview Instruments, Inc., 517 U.S. 370, 374 (1996) (“Victory in an infringement suit requires a finding that the patent claim ‘covers the alleged infringer’s product or process’ . . . .” (first quoting H. SCHWARTZ, PATENT LAW AND PRACTICE 1, 33 (2d ed. 1995); and then citing 3 LIPSCOMB § 11:2, 288–90)).
228. Id.
230. Unique Concepts, Inc. v. Brown, 939 F.2d 1558, 1565 (Fed. Cir. 1991) (Rich, J., dissenting); see also CEATS, Inc. v. Cont’l Airlines, Inc., 755 F.3d 1356, 1357–58 (Fed. Cir. 2014) (“[T]he case went to trial where a jury found that CEATS’s patents were infringed, but invalid.”).
231. See, e.g., U.S. Pipe & Foundry Co. v. James B. Clow & Sons, 205 F. Supp. 140, 148 (N.D. Ala. 1962) (“Logically, it would seem since infringement presupposes validity that validity should be the first order of decision.”).
infringed.\textsuperscript{232} As implemented in Section 271, a “patent” is not merely a paper certificate, but rather “the conferral of rights in a particular claimed set of elements.”\textsuperscript{233} Those rights exist under a valid patent that entitle its holder to privileges bestowed by the Patent Act.\textsuperscript{234} This interpretation coincides with the understanding of “infringement” in \textit{Black’s Law Dictionary}—“\textit{[a]}n act that interferes with one of the exclusive rights of a patent.”\textsuperscript{235} In addition, the Committee on the Judiciary noted that an explicit definition of “infringement” within the Patent Act was unnecessary since the granting clause Section 154(a)(1) already “creates certain exclusive rights and infringement would be any violation of those rights.”\textsuperscript{236}

Both before and after the enactment of the Patent Act, courts regularly recognized that invalidity renders patent claims void.\textsuperscript{237} In \textit{Linde Air Products Co. v. Morse Dry Dock & Repair Co.},\textsuperscript{238} the Second Circuit asserted as a “plain principle that there can be no such thing as infringement of an invalid patent.”\textsuperscript{239} Almost ninety years later, the court in \textit{Prima Tek II, LLC v. Polypap, S.A.R.L.},\textsuperscript{240} upheld the same concept with regards to induced infringement.\textsuperscript{241} After rendering a judgment of invalidity, the \textit{Prima Tek} court, like many others, considered the cross-claim of infringement moot.\textsuperscript{242} Given the vastly disparate characterizations of the relationship between validity and infringement, the \textit{Commil} Court should have placed less emphasis on the distinction and more on the underlying policy.

\section*{B. A Good Faith Belief in Invalidity Defense Contravenes the Purposes and Policies Underlying 35 U.S.C. Section 271(b)}

Creating a new good faith belief in invalidity defense to inducement would undermine the purposes and policies underlying Section 271(b) for two reasons. First, a good faith belief in invalidity functions as a complete defense. Consequently, a good faith belief deprives patent owners of a

\begin{itemize}
\item \textsuperscript{232} 35 U.S.C. § 271(b) (2012) (“Whoever actively induces infringement of a patent shall be liable as an infringer.”).
\item \textsuperscript{233} Limelight Networks, Inc. v. Akamai Techs., Inc., 134 S. Ct. 2111, 2117 (2014).
\item \textsuperscript{234} Deepsouth Packing Co. v. Laitram Corp., 406 U.S. 518, 522 (1972).
\item \textsuperscript{235} \textit{Infringement, BLACK’S LAW DICTIONARY} (10th ed. 2014).
\item \textsuperscript{236} H.R. REP. NO. 82-1923, at 9 (1952).
\item \textsuperscript{237} See, e.g., Miehle Printing Press & Mfg. Co. v. Publ’n Corp., 166 F.2d 615, 617 (7th Cir. 1946) (“\textit{O}bviously, there can be no infringement of an invalid patent.”).
\item \textsuperscript{238} 246 F. 834 (2d Cir. 1917).
\item \textsuperscript{239} \textit{Id.} at 837.
\item \textsuperscript{240} 412 F.3d 1284 (Fed. Cir. 2005).
\item \textsuperscript{241} \textit{Id.} at 1291 (“\textit{T}here can be no contributory or induced infringement of invalid patent claims.”).
\item \textsuperscript{242} \textit{Id.; see also Shelcore, Inc. v. Durham Indus., 745 F.2d 621, 628 (Fed. Cir. 1984) (“\textit{T}he issue of infringement is now moot. Durham can incur no liability for ‘infringement’ of invalid claims.”).
meaningful remedy against actors who game the defense by inducing third parties to directly infringe while evading the “the actual knowledge standard set forth in Global-Tech.” Second, including yet another subjective defense to induced infringement overextends an intent requirement that already sufficiently protects innocent defendants.

Congress codified an indirect infringement in order “[t]o provide for the protection of patent rights where enforcement against direct infringers is impracticable.” During the consideration of the 1952 Patent Act, primary drafter Mr. Giles Rich explained that the practical way to stop infringement “by a large number of scattered individuals all of whom have been caused to infringe by the same person . . . is to sue the man who caused the infringement, rather than the multitude.” In considering Commil, however, the Supreme Court downplayed the role of Section 271(b). Chief Justice Roberts and Justice Scalia opined, respectively, that “once you have a few successful suits against users rather than inducers, both . . . will get the message” and that Section 271(b) is a “supplemental cause of action.” This oversimplification fails to recognize that actions of induced infringement should target “the brains of the enterprise” rather than “innocent end user[s].” A significant amount of third-party purchasers have no real knowledge of the accused products and thus cannot adequately defend their actions. Targeting manufacturers, however, resolves issues of infringement in one comprehensive trial.

This efficient remedy becomes obscured, however, when manufacturers can claim a good faith belief in invalidity as a defense to the intent requirement of induced infringement. In Global-Tech, the Supreme Court set forth a dual standard of knowledge in which the inducer must have knowledge that the patent exists and that the induced acts would cause


249. Id. at 34.
infringement. In factoring a good faith belief in invalidity into its intent analysis, the Federal Circuit in Commil devised a conflicting holding that would prove onerous for patentees. The Federal Circuit held that such a defense would negate the requisite intent for induced infringement but would not preclude a finding of induced infringement.

Following the lower court’s decision, several courts attempted to apply what seemed like an absolute bar to liability. For example, in Halo Electronics Inc. v. Pulse Electronics Inc., the district court stated that a good faith belief in invalidity does not preclude a finding of induced infringement. Nevertheless, the court ultimately deemed proper jury instructions that clearly stated that the defendant could not be liable for inducement if he believed the patents were invalid. Halo indicates that the Federal Circuit in Commil effectively created a loophole from the Global-Tech knowledge requirement that eliminates culpability of an infringer.

In light of this ambiguity, patent holders faced with this defense would have difficulty proving that a defendant’s alleged good faith belief was not truly genuine. Much like in Halo, accused inducers would argue to the jury that even if a patent is valid, a belief in invalidity prevents liability. Despite parallel litigations and ex parte reexaminations by the United States Patent and Trademark Office (“USPTO”) confirming a patent’s validity, defendants maintain an opportunity to avoid punishment. Moreover, already crippled by “a slew of defenses including non-infringement, multiple grounds of invalidity . . . and various equitable defenses,” patentees would also confront a defense of a good faith belief of invalidity based on opinion from counsel. Without insight into a defendant’s subjective knowledge, a patent holder can never truly ascertain whether such reliance was held in good faith.

As described supra in Part II.A.2, the intent requirement of induced infringement balances “the public’s access to non-infringing uses of products against the patent owner’s right to a remedy when the use is infringing.” By stipulating a two-part standard that requires both knowledge of the patent and intent to cause a third party to directly infringe,
Section 271(b) provides patent holders protection from induced infringement, yet forces them to meet a higher standard of proof to demonstrate culpability. In overruling *Henry*, the Supreme Court limited the scope of exclusive rights to the invention and processes described in the patent. This decision enabled the public to use unpatented components or engage in the sale of products equally capable of infringing or non-infringing uses without retribution. To effectuate this outcome, the intent requirement ensures that patent holders cannot capitalize on mere “misuse” of a product. Instead, patent holders must demonstrate that the manufacturer or supplier had actual knowledge of their infringing actions.

Incorporating a defense of good faith belief in invalidity into induced infringement proceedings disrupts this carefully formulated balance in favor of potential infringers. As evidenced by precedent culminating in the *Global-Tech* standard, culpability for induced infringement flows from actual knowledge of infringement, not mere misuse. A defense of subjective belief in invalidity would insulate from liability defendants who admit to knowledge of both the patent and infringing behavior. Under this approach, however, defendants with good faith, but mistaken beliefs in invalidity, would proceed with otherwise illegal action in the hope that the patent is invalid. Moreover, the new defense “only serve[s] to limit the rights of patentees with valid patents and meritorious claims.” In circumstances where a patent has withstood all challenges of invalidity and unenforceability, and a patentee has proved both direct infringement by third parties and intentional inducement by a defendant who had knowledge of the patent, the defendant can nevertheless escape liability by invoking this defense. This would be nearly impossible to overcome.

C. Engaging in a Cross-Application of Protectability Doctrines Provides Clarity for Future Intellectual Property Adjudications

Given the merits of aligning patent law with copyright and trademark jurisprudence, the *Commil* Court could have drawn a correlation between the policy rationales set forth under each body of law. Although the Supreme Court incorporated analogies of tortious interference and criminal law, they did so “[a]s a final note” and without a nod to patent law’s sisters,

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257. See supra notes 60–61 and accompanying text.
258. See, e.g., MGM Studios, Inc. v. Grokster, Ltd., 545 U.S. 913, 932–33 (2005) (“[T]he doctrine absolves the equivocal conduct of selling an item with substantial lawful as well as unlawful uses, and limits liability to instances of more acute fault than the mere understanding that some of one’s products will be misused.”).
259. See supra Part II.B.2.
260. Id.
copyright and trademark. This omission is particularly troublesome in light of Global-Tech’s reliance on the Grokster copyright opinion. Had the Commil Court made such connections, the resulting opinion would have been bolstered by uniformity and consistency.

Patent, trademark, and copyright law share common legislative and historical origins in the United States. For instance, patent and copyright law appear “hand-in-hand in the Constitution and Congress enacted the first patent and copyright acts in 1790.” Patent and trademark law similarly are both adjudicated by the USPTO and Federal Circuit. Given this “historic kinship,” courts frequently engage in cross-application of doctrines within each discipline. In the 2006 decision eBay Inc. v. MercExchange, LLC, the Supreme Court endorsed this practice by “discard[ing] nearly a century of patent precedent [concerning viability of presumptive injunctions] in favor of a better standard articulated in copyright law.”

Continuing the cross-application of intellectual property doctrines will ultimately balance the various incentives of right holders and the free marketplace. Past examples of courts applying one doctrine of intellectual property to another include cases of contributory infringement, misuse, and first sale. Given its importance, protectability should similarly “be examined in a unified and functional fashion across [the laws], rather than as separate regimes.” Determining protectability of patents, copyrights, and trademarks “is the key to whether particular works can reap the benefits of intellectual property protection and, correspondingly, whether the availability of protection will encourage the production of such works in the

263. Ritchie, supra note 213, at 170 (citing U.S. CONST. art. I, § 8, cl. 8).
264. Id.
265. See Sony Corp. of Am. v. Universal City Studios, Inc., 464 U.S. 417, 439 (1984) (“The closest analogy is provided by the patent law cases to which it is appropriate to refer because of the historic kinship between patent law and copyright law.”) (first citing United States v. Paramount Pictures, Inc., 334 U.S. 131, 158 (1948); then citing Fox Film Corp. v. Doyal, 286 U.S. 123, 131 (1932); and then citing Wheaton v. Peters, 33 U.S. (8 Pet.) 591, 657–58 (1834)).
269. See, e.g., Lasercomb Am., Inc. v. Reynolds, 911 F.2d 970, 973 (4th Cir. 1990) (finding that a misuse of copyright defense is inherent in the law of copyright just as a misuse of patent defense is inherent in patent law).
first instance.”

Therefore, the Commil holding would have benefitted from the cross-application of trademark and copyright protectability doctrines to patent law.

In Commil, the Supreme Court missed an opportunity to create such a unified regime in clarifying the intent requirement and applicable defenses for induced infringement. The Commil Court initiated its analysis with a reaffirmation of the intent standard articulated in Global-Tech, a decision aided in large part by the previously discussed copyright case Grokster. Settling on a two-part knowledge requirement for copyright infringement, Grokster distinguished mere knowledge of infringing potential and ordinary acts incident to product distribution from purposeful, culpable conduct. In doing so, the Supreme Court ensured that the inducement rule would do “nothing to compromise legitimate commerce or discourage innovation having a lawful promise.”

The Commil Court should have, in addition to its structural analysis of the Patent Act, invoked policy rationales to better align the purposes of intellectual property law.

V. CONCLUSION

In Commil USA LLC v. Cisco Systems, Inc., the Supreme Court held that the requisite intent for induced infringement liability cannot be negated by a good faith belief in invalidity. At the outset of its opinion, the Court purposefully reiterated its prior holding in Global-Tech Appliances, Inc. v. SEB S.A. Induced patent infringement, the Court emphasized, demands a higher mental state in which the defendant knew of the patent, and that the induced acts constitute infringement. Without proof of this dual knowledge, liability cannot attach. After this introduction, however, the Commil Court strayed from the significance of the intent requirement under Section 271(b), choosing instead to expound on the contentious distinction between “validity” and “infringement.”

The Court could have bolstered its reasoning by reinforcing and advancing the policy rationales underlying Section 271(b). Permitting a good faith defense in patent invalidity would disrupt not only the carefully formulated marketplace balance of rights but also the cross-application of

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273. See supra Part II.B.2.
275. See supra Part IV.B.
277. Id. at 1926.
278. Id.
279. Id.
280. Id. at 1928.
intellectual property doctrines by courts. Applying the protectability mechanisms of trademark and copyright law to induced patent infringement would facilitate a uniform standard of intent that would guide courts in future adjudications. Given this alternative analysis, the Commil holding could have promoted both clarification of the intent requirement and increased protectability within the intellectual property market, resulting in a decision truly made in good faith.

281. See supra Part IV.
282. Id.