

Commil v. Cisco: Belief That A Patent Is Invalid Is Not A Defense To
Inducement
by David R. Todd

On May 26, 2015, the Supreme Court issued its decision in *Commil USA, LLC v. Cisco Systems, Inc.* At issue in the case was the *mens rea* (i.e., state of mind) required for induced infringement under 35 U.S.C. § 271(b). The Court previously addressed this issue only four years ago in *Global-Tech Appliances, Inc. v. SEB S.A.*, stating in some portions of its opinion that active inducement requires “knowledge of the patent” or “knowledge of the existence of the patent” but stating in other portions of its opinion that active inducement “requires knowledge that the induced acts constitute patent infringement.” In *Commil*, the Supreme Court was asked whether a good-faith belief that a patent is invalid negates the knowledge required for active inducement. The *Commil* Court ruled that the knowledge required is a “knowledge that the induced acts constitute patent infringement” and that although a good faith belief that a patent is not infringed negates that knowledge, a good faith belief that a patent is invalid does not.

In *Global-Tech*, the defendant (*Pentalpha*) copied all but the cosmetic features of the patent owner’s product and then retained an attorney to conduct a right-to-use study without telling him that it had copied directly from the patent owner’s design. The attorney failed to discover the patent owner’s patent and issued an opinion letter stating that *Pentalpha*’s product did not infringe any of the patents that he had found. *Pentalpha* then sold the products to *Sunbeam*, which resold them in the United States. The jury found *Pentalpha* liable for actively inducing *Sunbeam*’s infringement, even though there was no evidence that *Pentalpha* knew about the patent owner’s patent. *Pentalpha* appealed, arguing that it did not have the requisite state of mind to be liable for active inducement.

The Supreme Court noted that it had previously decided that the state of mind required for “contributory infringement” under 35 U.S.C. § 271(c) required “knowledge of the existence of the patent that is infringed,” reasoned that “the same knowledge is needed for induced infringement under § 271(b),” and therefore held that active inducement “requires knowledge that the induced acts constitute patent infringement.” As mentioned above, however, at some points in its opinion, the *Global-Tech* Court referred to “knowledge of the patent” or “knowledge of the existence of the patent.” Whatever the precise knowledge

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requirement, the Court further held that “willful blindness” is sufficient to demonstrate the requisite knowledge. The Court explained that willful blindness is present if the defendant “subjectively believes” that there is a “high probability” of infringement and that the defendant takes “deliberate steps” to “avoid learning” of that fact. Under the facts of the case, the Court held that even though Pentalpha did not know about the patent, there was substantial evidence to support a finding of willful blindness and therefore substantial evidence to support the verdict of active inducement. The Court held that Pentalpha had waived any right to a new trial based on its newly articulated standard.

In Commil, the patent owner alleged that Cisco had induced others to infringe the patented method. Cisco asked the United States Patent and Trademark Office (“PTO”) to reexamine the validity of Commil’s patent. Although the PTO initiated the reexamination, it confirmed the patent’s validity. At trial, Cisco sought to argue that it could not be liable for inducement of Commil’s patent because its request for reexamination showed that it had a good faith belief that Commil’s patent was invalid. The district court, however, excluded this evidence. On appeal, the Federal Circuit read Global-Tech to require “knowledge that the induced acts constitute patent infringement” and reasoned that there is “no principled distinction between a good-faith belief of invalidity and a good-faith belief of non-infringement for purposes of whether a defendant possessed the specific intent to induce infringement of a patent.” Therefore, the Federal Circuit concluded that “evidence of an accused inducer’s good-faith belief of invalidity may negate the requisite intent for induced infringement.”

The Supreme Court granted certiorari. Commil, supported by the Solicitor General, first argued that the Federal Circuit had incorrectly read Global-Tech. They argued that Global-Tech only needed to go so far as to hold that knowledge of the patent was required and therefore its holding should only be read as requiring “knowledge of the patent.” Commil explained that the Supreme Court’s decisions previous to Global-Tech had indicated that a patentee may establish the requisite state of mind merely by proving that the inducer was (1) aware of the patent and (2) aware of the patentee’s view that the induced conduct was infringing. Under that standard, neither the inducer’s good-faith belief of non-infringement

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nor the inducer's good-faith belief of invalidity would negate the requisite knowledge. Next Commil and the Solicitor General argued that even if inducement required "knowledge that the induced acts constitute patent infringement," that requirement would not make a good-faith belief of invalidity relevant because infringement and validity are separate issues.

Justice Kennedy wrote the opinion for the Court. The Court dismissed Commil's first argument solely by referring to the language in the Global-Tech opinion requiring "knowledge that the induced acts constitute patent infringement." The Commil Court did not explore the case law prior to Global-Tech, nor did it explore whether Commil's position was more workable or better policy. Nor did it address the language in Global-Tech referring to "knowledge of the patent" or "knowledge of the existence of the patent." The Commil Court simply held that Global-Tech had resolved the issue and refused to further address it.

However, the Court agreed with Commil's second argument. The Court explained that infringement is a different issue than validity, and therefore "knowledge that the induced acts constitute patent infringement" does not require knowledge that the patent is valid. As such, a good-faith belief of invalidity is irrelevant. The Court further reasoned that allowing a good-faith belief of invalidity to serve as a defense to inducement would "undermine" the presumption of validity. Specifically, if belief in invalidity were a defense to induced infringement, a defendant could prevail (at least in an inducement action) by merely proving that he reasonably believed the patent was invalid rather than proving by clear and convincing evidence that it is invalid. Finally, the Court pointed to "practical reasons" not to create a defense based on a good-faith belief in invalidity: (1) an inducer who believes that a patent is invalid has ways to obtain a ruling to that effect; (2) a defense of belief in invalidity would render litigation more burdensome by increasing discovery costs and multiplying the issues a jury must resolve; (3) a jury would be put to the difficult task of separating the defendant's belief in invalidity from the actual issue of invalidity; and (4) in the usual civil case, "I thought it was legal" is not a defense. Reason (2) is especially noteworthy, because Congress recently acted to remove several knowledge- and intent-based issues from patent litigation under the America Invents Act (AIA) in order to simplify and reduce the cost of

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patent litigation. For example, the AIA removed “best mode” as a defense in patent litigation, and the correction of inventorship and reissue statutes were amended so that they no longer require proof of lack of “deceptive intent.”

Interestingly, each of these four “practical reasons” is equally applicable as a reason for accepting Commil’s first argument (and therefore rejecting a defense based on a good-faith belief in noninfringement). In other words: (1) an inducer who believes that a patent is not infringed has ways to obtain a ruling to that effect; (2) a defense of belief in noninfringement renders litigation more burdensome by increasing discovery costs and multiplying the issues a jury must resolve; (3) a jury is put to the difficult task of separating the defendant’s belief in noninfringement from the actual issue of infringement; and (4) in the usual civil case, “I thought it was legal” is not a defense. These “practical reasons” are therefore reasons for questioning the “knowledge of infringement” rule set forth in Global-Tech (or at least the Commil Court’s reading of Global-Tech) and would have been reasons for accepting Commil’s first argument.

*The Commil Court ended by acknowledging a concern highlighted by Justice Scalia’s dissent. Justice Scalia argued that the majority’s rule “increases the *in terrorem* power of patent trolls.” The majority responded that “[n]o issue of frivolity has been raised by the parties in this case, nor does it arise on the facts presented to this Court.” Nevertheless, referring to the sanctions available under Federal Rule of Civil Procedure 11 and attorney fee awards available under 35 U.S.C. § 285, the Court explained that “it is still necessary and proper to stress that district courts have the authority and responsibility to ensure frivolous cases are dissuaded.”*

A question that remains open after *Commil* is whether *Global-Tech*’s defense of a good-faith belief of noninfringement can be limited in time. For example, if an accused inducer has a good-faith belief of noninfringement when a complaint is filed against it, can it continue to have a good-faith belief of noninfringement after a district court grants summary judgment that there is infringement or after the Federal Circuit affirms that ruling? If not, damages for inducement or an injunction against inducement could become available at those points in

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time despite the fact that there was a good-faith belief of noninfringement at an earlier time.