IP Alert: Quantity Trumps Quality: Supreme Court Decides Life Technologies v. Promega

Quantity Trumps Quality: Supreme Court Decides Life Technologies v. Promega

By Ernest V. Linek

The question before the Supreme Court in this case was simple: did the Federal Circuit err when it decided that shipment outside the United States of one component of a multicomponent invention could violate 35 U.S.C. §271(f)(1)?

The Supreme Court held on Feb. 22, 2017, that, yes, the Federal Circuit decision was wrong.

Promega Corp. licensed the Tautz patent (U.S. Reissue No. 37984), which claims a toolkit for genetic testing, to Life Technologies Corp. for the manufacture and sale of the kits in limited licensed law enforcement fields worldwide.

One of the kit's five components, an enzyme known as the Taq polymerase, was manufactured by Life Technologies in the United States and then shipped to the United Kingdom, where it was combined with the other four other kit components and sold. No U.S. infringement would be found for kit sales made outside the United States, but for one part of the patent statute – 35 U.S.C. §271(f)(1), which reads as follows:

> "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 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."

When Life Technologies began selling the kits outside of its licensed fields of use, Promega sued, claiming that under 35 U.S.C. §271(f)(1), such activity was U.S. patent infringement, since Section 271(f)(1) prohibits the supply from the United States of "all or a substantial

portion of the components of a patented invention" for combination abroad.

In the district court case, the jury returned an infringement verdict ($52 million) in favor of Promega, but the court granted Life Technologies' motion for judgment as a matter of law, holding that §271(f)(1)'s phrase "all or a substantial portion" did not encompass the supply of a single component of a multicomponent invention.

On appeal, the Federal Circuit reversed. In a 2-1 decision, the court held that a single important component could constitute a "substantial portion" of the components of an invention under §271(f)(1) and found the Taq polymerase to be such a component. The Federal Circuit concluded that one dictionary definition of "substantial" is "important" or "essential," which it read to suggest that a single important component can be a "'substantial portion of the components'" of a patented invention.

In its 7-0 decision (with Chief Justice Roberts not participating), the Supreme Court reversed the decision of the Federal Circuit, holding that the supply of a single component of a multi-component invention for manufacture abroad does not give rise to §271(f)(1) liability. Quantity trumps quality.

Because only a single component of the patented invention at issue here was supplied from the United States, the case was reversed and remanded to the Federal Circuit.

Regarding Section 271(f)(1), the following major points were made in the Supreme Court opinion:

(a) the phrase "substantial portion" refers to a quantitative measurement.

(b) Under a quantitative approach, a single component cannot constitute a "substantial portion" triggering §271(f)(1) liability. This conclusion is reinforced by §271(f)'s text, context, and structure. Section 271(f)(1) consistently refers to the plural "components," indicating that multiple components make up the substantial portion. Reading §271(f)(1) to cover any single component would also leave little room for §271(f)(2), which refers to "any component," and would undermine §271(f)(2)'s express reference to a single component "especially made or especially adapted for use in the invention."

(c) The legislative history of §271(f) further bolsters this conclusion.

Looking at the dictionary definition of the word "substantial," as it is commonly understood, the Supreme Court found little help, as the word may refer either to qualitative importance or to quantitatively large size. See, e.g., Webster's Third New International Dictionary 2280 (defs. 1c, 2c) (1981) (Webster's Third) ("important, essential," or "considerable in amount, value, or worth"); 17 Oxford English Dictionary 67 (defs. 5a, 9) (2d ed. 1989) (OED) ("That is, constitutes, or involves an essential part, point, or feature; essential, material," or "of ample or considerable amount, quantity, or dimensions").

The Court then looked at the statute and noted that the context in which "substantial" appears in the statute points to a quantitative meaning. It is the supply of all or a substantial portion "of the components" of a patented invention that triggers liability for infringement.

If "substantial" has a qualitative meaning, the Court said, then the more natural way to write the opening clause of the provision would be to not reference "the components" at all. A qualitative reading would render the phrase "of the components" unnecessary the

first time it is used in §271(f)(1).

The Court, having determined that the term “substantial portion” refers to a quantitative measurement, next had to decide whether, as a matter of law, a single component can ever constitute a “substantial portion” so as to trigger liability under §271(f)(1).

Its answer was no.

Finally, the decision by the Supreme Court does not define how close to “all” of the components “a substantial portion” must be. The Court only held that “one component” does not constitute “all or a substantial portion” of a multicomponent invention under §271(f)(1).

More litigation on this issue can be expected.

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