

# Can an Inference of Intent to Induce Infringement of a Patent Be Drawn Where Other Reasonable Inferences Exist? An Examination of the Use of Circumstantial Evidence to Prove Inducement of Infringement

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## ABSTRACT

*This Article examines the type of evidence that can be used to prove if an alleged infringer is liable for inducement of infringement. Specifically, this article focuses on examining whether an inference based on circumstantial evidence can show whether the alleged infringer has the requisite state of mind to induce infringement and compares inferences and intent to induce infringement against intent in other areas of patent law.*

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## INTRODUCTION

An individual or corporation may infringe a valid U.S. Patent if the actions of the individual or corporation satisfy any of the provisions of 35 U.S.C. § 271.<sup>1</sup> 35 U.S.C. § 271(a) provides that “whoever without authority makes, uses, offers to sell, or sells any patented invention, within the United States or imports into the United States any patented invention during the term of the patent therefor, infringes the patent.”<sup>2</sup> Satisfying the requirement of 35 U.S.C. § 271(a) is known as “direct infringement.”

In various instances, an individual or corporation does not make, use, sell, or offer to sell the patented invention, but rather *encourages* or *induces* others to make, use, sell, or offer to sell the patented invention. In these instances, the individual or corporation may still be liable for infringement under 35 U.S.C. § 271(b), even though the individual or corporation does not directly infringe the patented invention.<sup>3</sup> 35 U.S.C. § 271(b) provides that “[w]hoever actively induces infringement of a patent shall be liable as an infringer.”<sup>4</sup> Inducement of infringement requires that there be a showing of

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1. See 35 U.S.C. § 271 (2006).

2. *Id.*

3. See, e.g., *id.*

4. *Id.*

an underlying act of direct infringement.<sup>5</sup>

In the context of patent litigation, recent Federal Circuit and Supreme Court opinions have analyzed claims for inducement of infringement under 35 U.S.C. § 271(b).<sup>6</sup> These opinions explain that an alleged infringer must have “specific intent” to induce infringement in order to be liable as an inducer.<sup>7</sup>

“Specific intent” as articulated in *DSU Medical Corp. v. JMS Co.*, a 2006 en banc decision of the Federal Circuit Court of Appeals, requires that in order to be liable as an inducer of infringement, an alleged infringer must have “an affirmative intent to cause direct infringement.”<sup>8</sup> To meet this standard, “evidence of culpable conduct, directed to encouraging another’s infringement” must be proven.<sup>9</sup>

Evidence of culpable conduct may either be direct evidence or indirect evidence.<sup>10</sup> In instances where direct evidence of culpable conduct is relied on to prove specific intent, it is straightforward to conclude that an alleged infringer had the requisite state of mind to induce infringement. In instances when circumstantial evidence is used, it is difficult to prove that an alleged inducer had the specific intent to cause direct

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5. See, e.g., *Ricoh Co. v. Quanta Computer, Inc.*, 550 F.3d 1325, 1341 (Fed. Cir. 2008) (“[A] finding of inducement requires a threshold finding of direct infringement—either a finding of specific instances of direct infringement or a finding that the accused products necessarily infringe.”); see also *Linear Tech. Corp. v. Impala Linear Corp.*, 379 F.3d 1311, 1326 (Fed. Cir. 2004).

6. See *Akamai Techs. Inc. v. Limelight Networks, Inc.*, 692 F.3d 1301, 1312 (Fed. Cir. 2012); *Kinetic Concepts, Inc. v. Blue Sky Med. Grp., Inc.*, 554 F.3d 1010, 1024–25 (Fed. Cir. 2009); *Vita-Mix Corp. v. Basic Holding, Inc.*, 581 F.3d 1317, 1328–29 (Fed. Cir. 2009); *Ricoh Co.*, 550 F.3d at 1342–43; *DSU Med. Corp. v. JMS Co.*, 471 F.3d 1293, 1304–06 (Fed. Cir. 2006) (en banc).

7. See, e.g., *DSU Med.*, 471 F.3d at 1306; see also *Global-Tech Appliances Inc. v. SEB S.A.*, 131 S. Ct. 2060, 2062 (2011).

8. *DSU Med.*, 471 F.3d at 1306 (“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.”).

9. *Id.* at 1306 (citing *Metro-Goldwyn-Mayer Studios v. Grokster, Ltd.*, 545 U.S. 913, 936–37 (2005)); see also *Manville Sales Corp. v. Paramount Sys., Inc.* 917 F.2d 544, 553 (Fed. Cir. 1990).

10. See, e.g., *DSU Med.*, 471 F.3d at 1306 (“While proof of intent is necessary, direct evidence is not required; rather, circumstantial evidence may suffice.” (quoting *Water Techs. Corp. v. Calco, Ltd.*, 850 F.2d 660, 668 (Fed. Cir. 1988))).

infringement because the circumstantial evidence must be used to draw an inference to the alleged inducer's state of mind.<sup>11</sup>

This Article examines the intent doctrine for inducement of infringement and the use of circumstantial evidence to prove specific intent. Part I of this Article examines the current state of the law of inducement of infringement in light of recent Federal Circuit opinions. Part II provides a brief overview of the history of the doctrine of specific intent to induce infringement. Part III reviews intent in other patent law doctrines. Part IV of this Article provides suggestions to modify the current standard of specific intent to induce infringement, so that it is harmonized with other areas of patent law. Part V offers a brief conclusion.

## I. CURRENT STATE OF THE LAW OF INDUCEMENT

### A. *DSU MEDICAL CORP. V. JMS CO.* (EN BANC DECISION)

In 2006, the Federal Circuit analyzed the doctrine of intent to induce infringement in its en banc decision, *DSU Medical Corp. v. JMS Co.*<sup>12</sup> In this landmark decision, the Federal Circuit determined that an alleged infringer, in the context of induced infringement, must have “the required intent . . . to induce the specific acts of [infringement] or additionally to cause an infringement.”<sup>13</sup> *DSU* resolved conflicting lines of precedent regarding the intent requirement to show inducement.<sup>14</sup>

In doing so, *DSU* clarified that intent in the context of inducement of infringement requires that “the inducer must

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11. See, e.g., *id.* at 1305–06 (“*Grokster*, thus, validates this court’s articulation of the state of mind requirement for inducement.”); see also Richard J. Stark & Andrei Harasymiak, *Inducement of Patent Infringement: The Intent Standard and Circumstantial Evidence of Intent*, in *INSIDE THE MINDS: RECENT TRENDS IN PATENT INFRINGEMENT LAWSUITS* 111, 137–40 (2011).

12. See, *DSU Med.*, 471 F.3d at 1304–06.

13. *Id.* at 1304 (quoting *MEMC Elec. Materials, Inc. v. Mitsubishi Materials Silicon Corp.*, 420 F.3d 1369, 1378 n.4 (Fed. Cir. 2005)).

14. See *MEMC Elec. Materials, Inc. v. Mitsubishi Materials Silicon Corp.*, 420 F.3d 1369, 1378 n.4 (Fed. Cir. 2005) (discussing the lack of clarity in the standard); *Warner-Lambert Co. v. Apotex Corp.*, 316 F.3d 1348, 1363 (Fed. Cir. 2003) (discussing how actual intent is needed); *Manville Sales Corp.*, 917 F.2d at 553 (stating that the plaintiff has to show “defendant possessed specific intent to encourage another’s infringement”).

have an *affirmative intent* to cause direct infringement . . . .”<sup>15</sup> Proving affirmative intent involves establishing “evidence of culpable conduct, directed to encouraging another’s infringement, not merely that the inducer had knowledge of the direct infringer’s activities.”<sup>16</sup>

While *DSU* clarified the standard for inducement of infringement, post-*DSU* courts have struggled with analyzing the type of evidence (direct or circumstantial) that can be relied on to show intent through culpable conduct directed to encouraging another’s infringement. This has resulted in inconsistent outcomes for determining whether an alleged inducer of infringement had the affirmative intent to encourage another’s infringement. Recent cases finding no affirmative intent to induce infringement are analyzed in Part I.B.1, while cases finding affirmative intent to induce infringement are analyzed in Part I.B.2.

## B. POST-*DSU* CASES

### 1. Court Found No Affirmative Intent to Induce Infringement

In *Kinetic Concepts, Inc. v. Blue Sky Medical Group, Inc.*, plaintiff Kinetic Concepts alleged that defendant Blue Sky Medical Group induced direct infringement of a patent directed to a method for treating a wound by applying suction.<sup>17</sup> The plaintiff argued that Blue Sky had the affirmative intent to induce infringement of the patented method by selling kits including a pump and product manuals containing instructions to use the pump.<sup>18</sup> The product manuals were argued to be evidence of Blue Sky’s affirmative intent to induce infringement.<sup>19</sup>

The Federal Circuit considered this evidence and testimonial evidence from Blue Sky’s principals that Blue Sky believed that its product performed a method in the public domain and thus it did not have the intent to induce infringement.<sup>20</sup> The Federal Circuit relied on the testimonial evidence and did not draw an inference that Blue Sky had the

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15. *DSU Med.*, 471 F.3d at 1306 (emphasis added).

16. *Id.*

17. *Kinetic Concepts, Inc. v. Blue Sky Medical Grp., Inc.*, 554 F.3d 1010 (Fed. Cir. 2009).

18. *Id.* at 1023.

19. *Id.*

20. *Id.* at 1024–25.

specific intent to induce infringement as the Federal Circuit held that in this case “the intent required for induced infringement was lacking.”<sup>21</sup>

In another Federal Circuit opinion, *Vita-Mix Corp. v. Basic Holding, Inc.*, plaintiff Vita-Mix alleged that defendant Basic Holding induced infringement of a patent directed to a method for preventing the formation of an air pocket in a food blender.<sup>22</sup> Vita-Mix argued that because Basic Holding sold a blender with a set of instructions that allegedly taught the patented method, Basic Holding had the affirmative intent to induce infringement.<sup>23</sup>

The Federal Circuit disagreed and held that the instructions, and a second set of amended instructions, provided no basis on which the plaintiff could rely to infer specific intent to encourage infringement.<sup>24</sup> In *Vita-Mix*, the court found “the record is devoid of direct or circumstantial evidence that [defendant] intends to encourage infringement by its customers, and replete with evidence to the contrary” as the instructions sold with the blender undisputedly taught *non-infringing uses*, evidencing intent to discourage infringement.<sup>25</sup> The court, thus, did not rely on the evidence to infer specific intent to encourage infringement.<sup>26</sup>

In *Ecolab Inc. v. FMC Corp.*, the plaintiff FMC argued that defendant Ecolab induced infringement of a patented invention

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21. *Id.* at 1025 (“[T]he jury heard Blue Sky’s founders explain why they did not believe they were infringing and had the opportunity to assess their credibility. We find no basis to overturn the jury’s decision with respect to inducement.”).

22. *Vita-Mix Corp. v. Basic Holding, Inc.*, 581 F.3d 1317, 1328–29 (Fed. Cir. 2009).

23. *Id.* at 1328–29.

24. *Id.* (“[T]he record is devoid of actual evidence establishing specific intent to encourage customers to infringe the ‘021 patent.”).

25. *Id.* at 1329 (“The original product instructions do not evidence a specific intent to encourage infringement, since they teach a stirring action which [defendant] could have reasonably believed was non-infringing. The amended product instructions teach an undisputedly non-infringing use, evidencing intent to discourage infringement. Thus, [defendant’s] product instructions provide no basis on which Vita-Mix can rely to infer specific intent to encourage infringement.”).

26. *Id.* at 1329 n.2 (“The question is not, however, whether a user following the instructions may end up using the device in an infringing way. Rather, it is whether [the defendant’s] instructions teach an infringing use of the device such that we are willing to infer from those instructions an affirmative intent to infringe the patent.”).

directed to methods for applying a chemical alone or in combination with other peracids directly to meat products to reduce microbial populations on the meat surface.<sup>27</sup>

The Federal Circuit found that defendant Ecolab's personnel reasonably believed that the method claims did not cover defendant's product because the defendant's product contained the same combination of antimicrobial agents as disclosed in the prior art.<sup>28</sup> Thus, even though the product was ultimately found to infringe the patent, the Federal Circuit relied on evidence that the defendant's product contained the same combination of antimicrobial agents as disclosed in the prior art as substantial evidence to conclude that the defendant believed it was practicing the prior art and thus did not have the intent to induce infringement.<sup>29</sup>

While the Federal Circuit applied *DSU* in the above cases to find no intent to induce infringement, the Federal Circuit reached the opposite result in the post-*DSU* cases found in Part I.B.2.

## 2. Court Found Affirmative Intent to Induce Infringement

In *AstraZeneca L.P. v. Apotex, Inc.*, the plaintiff AstraZeneca alleged that the defendant Apotex had the affirmative intent to induce infringement of a patent directed to a method of administering a nebulized budesonide inhalation suspension once a day.<sup>30</sup> Prior to the lawsuit to receive FDA approval, the defendant Apotex filed an Abbreviated New Drug Application (ANDA) for its nebulized budesonide inhalation suspension product and carved out all references to administration of once daily dosing from its package insert in an effort to obtain FDA approval and avoid the patented method.<sup>31</sup>

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27. *Ecolab Inc. v. FMC Corp.*, 569 F.3d 1335, 1350–51 (Fed. Cir. 2009).

28. *Id.* at 1351 (“[T]he jury could have reasonably concluded that [defendant] lacked the intent required for induced infringement . . . because Inspexx contains a synergistic combination of three antimicrobial agents, and thus does not ‘consist essentially of [peroxyacetic acid] . . . [and] Ecolab personnel reasonably believed that the ‘676 patent did not cover Inspexx because Inspexx contains the same combination of antimicrobial agents disclosed in the prior art Oakes patent.”).

29. *Id.* at 1351 (“[T]he jury had substantial evidence from which it could have reasonably concluded that Ecolab did not induce infringement because it lacked the required intent.”).

30. *AstraZeneca L.P. v. Apotex, Inc.*, 633 F.3d 1042, 1057 (Fed. Cir. 2010).

31. *Id.* at 1047.

Despite Apotex's efforts in its carve out, AstraZeneca alleged that Apotex's package insert included instructions containing "titrate down" language, so that users of Apotex's product would understand to titrate down to a dosing regimen of once a day, thus infringing the patented method.<sup>32</sup> AstraZeneca argued that the "titrate down" language was evidence that Apotex had the intent to induce infringement of the patented method.<sup>33</sup>

In a preliminary injunction proceeding, the district court found that Apotex had the affirmative intent to induce infringement of the patented method by drawing an inference based on Apotex's intent in including this "titrate down" language in the package insert.<sup>34</sup> The district court found that there was no evidence in the record that Apotex had attempted to craft a non-infringing label and thus found that Apotex had the specific intent to induce infringement.<sup>35</sup>

The Federal Circuit affirmed the district court's finding that "despite being aware of the infringement problem presented by the proposed label, Apotex nonetheless proceeded with its plans to distribute the generic drug product."<sup>36</sup> The Federal Circuit found that the "titrate down" language was sufficient circumstantial evidence to infer Apotex's intent to induce infringement of the patented method.<sup>37</sup>

In *Ricoh Co., Ltd. v. Quanta Computer, Inc.*, the claimed invention was a method directed to a specific write strategy for making legible marks on phase-change optical discs by using optical drives.<sup>38</sup> The defendant Quanta sold optical drives with software that allegedly performed the claimed method.<sup>39</sup> The

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32. *Id.* at 1056–58.

33. *Id.* at 1057 (arguing that Apotex's proposed label would induce consumers to infringe the asserted method claims because the label implicitly instructed users to administer the generic drug once daily).

34. *Id.* at 1047–49.

35. *Id.* at 1049.

36. *Id.* at 1060 (finding that the district court's specific intent finding was not based solely on the proposed label, but also on Apotex's decision to proceed with its plan to distribute the drug despite being aware that the label presented infringement problems).

37. *Id.* at 1060 (citing *Water Techs. Corp. v. Calco, Ltd.*, 850 F.2d 660, 668 (Fed. Cir. 1988)).

38. *Ricoh Co., Ltd. v. Quanta Computer, Inc.*, 550 F.3d 1325, 1328 (Fed. Cir. 2008).

39. *Id.* at 1330.



plaintiff Ricoh alleged that the only function of the software sold by Quanta was to instruct the drives to perform the patented methods and thus, Quanta induced infringement of Ricoh's patents, as it instructed infringers to perform acts of direct infringement.<sup>40</sup>

The Federal Circuit held that it was a question of fact whether the drives and software sold by Quanta had a purpose other than the performance of infringing functions under normal use conditions and remanded the inducement claim back to the district court.<sup>41</sup>

Thus, as discussed *supra*, post-*DSU* cases have had inconsistent results with determining intent to induce infringement. This is because evidence relied upon to show intent to induce infringement is typically circumstantial evidence and courts have interpreted circumstantial evidence to draw various inferences, sometimes inferring intent and sometimes not. An analysis of the use of circumstantial evidence to infer intent is analyzed *infra*.

## II. BRIEF OVERVIEW OF THE HISTORY OF THE DOCTRINE OF SPECIFIC INTENT TO INDUCE INFRINGEMENT

The doctrine that circumstantial evidence can be used to prove intent was first established in a personal injury case, *Michalic v. Cleveland Tankers, Inc.*<sup>42</sup> Using circumstantial evidence to prove specific intent to induce infringement in patent law evolved from *Michalic* and through several subsequent cases, which are analyzed below.

### A. *MICHALIC V. CLEVELAND TANKERS, INC.*

*Michalic v. Cleveland Tankers, Inc.* was a personal injury case where the plaintiff alleged that a 2.5 pound wrench dropped on his toe during his use of the wrench while at

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40. *Id.* at 1343.

41. *Id.* at 1342–44 (“[The District C]ourt erred in discounting evidence that [Quanta] made a presentation to Dell, which touted the advantages of the Quanta drives, on the grounds that the presentation disclosed an algorithm rather than one of the claimed methods. The potential relevance of the presentation is two-fold. First, the presentation is relevant to the extent it indicates [Quanta] possessed the requisite intent that its drives be used to perform the infringing methods. Second, the presentation is relevant to the issue of whether it encouraged Dell to use the drives in an infringing manner.”).

42. *Michalic v. Cleveland Tankers, Inc.*, 364 U.S. 325 (1960).

work.<sup>43</sup> During trial, testimony was provided that the jaw of the wrench repeatedly slipped from the nuts and had play in it.<sup>44</sup> Based on this testimony, the plaintiff alleged that the wrench was defective, leading to the conclusion that the defendant was negligent in having a defective wrench at the job site.<sup>45</sup>

The Supreme Court used the circumstantial evidence provided through witness testimony to infer that there was play in the wrench and thus the defendant was negligent, even though direct evidence of play in the wrench was not established by the plaintiff.<sup>46</sup> The Supreme Court held that “[c]ircumstantial evidence is not only sufficient, but may also be more certain, satisfying and persuasive than direct evidence,” thus, establishing the use of circumstantial evidence to prove culpability.<sup>47</sup>

#### B. *MOLECULON RESEARCH CORP. V. CBS, INC.*

Circumstantial evidence was incorporated into patent law in 1986 in *Moleculon Research Corp. v. CBS, Inc.*<sup>48</sup> In *Moleculon*, the patented invention was directed to method claims for making a Rubik’s Cube.<sup>49</sup> The alleged infringer sold a Rubik’s Cube in pieces with an instruction sheet to put the Rubik’s Cube together.<sup>50</sup> The alleged infringer argued that there was no evidence of direct infringement of the method claims and thus no liability for the alleged infringer.<sup>51</sup>

The district court disagreed and held that the circumstantial evidence of the Rubik’s Cube puzzle sales and dissemination of an instruction sheet showed intent sufficient to support a finding of inducement of infringement.<sup>52</sup> This

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43. *Id.* at 330–31.

44. *Id.* at 330.

45. *Id.* at 330–31.

46. *Id.* at 330 (holding that “there was no direct evidence of play in the jaw of the wrench . . . [b]ut direct evidence of a fact is not required.”).

47. *Id.*

48. *Moleculon Research Corp. v. CBS, Inc.*, 793 F.2d 1261, 1272 (Fed. Cir. 1986).

49. *Id.*

50. *Id.* at 1263–64.

51. *Id.* at 1272.

52. *Id.* (relying on circumstantial evidence of extensive puzzle sales, dissemination of an instruction sheet teaching the method of restoring the preselected pattern with each puzzle, and the availability of a solution booklet

finding was upheld by the Federal Circuit which stated that evidence of the Rubik's Cube puzzle sales and dissemination of an instruction sheet provided the necessary circumstantial evidence to prove that the alleged inducer had specific intent to induce infringement.<sup>53</sup>

Thus, the court in *Moleculon* held that direct evidence of a fact is not necessary and that circumstantial evidence is sufficient to prove that an inducer has the intent to induce infringement.<sup>54</sup> *Moleculon* affirmed the holding in *Michalic* that "circumstantial evidence is not only sufficient, but may also be more certain, satisfying and persuasive than direct evidence."<sup>55</sup>

C. *WATER TECHNOLOGIES CORP. V. CALCO, LTD.*

*Water Technologies Corp. v. Calco, Ltd.* upheld and further developed the circumstantial evidence doctrine in patent law established in *Moleculon*.<sup>56</sup> In *Water Technologies*, an alleged inducer gave infringing resins to a third party.<sup>57</sup> The alleged inducer argued that he had a subjective belief that he had noninfringing resins, and thus, a finding of intent should be negated by his subjective belief that there was no infringement.<sup>58</sup>

The district court disagreed and found that there was sufficient evidence to infer intent. The district court relied on circumstantial evidence that the alleged inducer provided the resin formulas to a direct infringer, helped the direct infringer make the resins by controlling the direct infringer's manufacture of the resins. The alleged inducer also prepared consumer use instructions.<sup>59</sup> The district court used this circumstantial evidence to infer that the alleged inducer had the requisite intent to induce infringement.<sup>60</sup>

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on how to solve the puzzle).

53. *Id.*

54. *Id.* It is significant to note that the inducer in *Moleculon* taught the infringing use with instructions and the *only way* to form the product is in a way that infringes the patent.

55. *Id.*

56. *Water Techs. Corp. v. Calco, Ltd.*, 850 F.2d 660, 668–69 (Fed. Cir. 1988).

57. *Id.* at 668–69.

58. *Id.* at 668.

59. *Id.*

60. *Id.* The court specifically noted that controlling the direct infringer's manufacture of the resins is persuasive evidence that the defendant intended

The Federal Circuit affirmed the district court and found that “[t]he requisite intent to induce infringement may be inferred from all of the circumstances.”<sup>61</sup>

D. *METRO-GOLDWYN-MAYER STUDIOS V. GROKSTER*

*Metro-Goldwyn-Mayer Studios v. Grokster, Ltd.*, a Supreme Court decision, further analyzed the specific intent doctrine for inducement, but in a copyright framework. In *Grokster*, copyright holders sued distributors of peer-to-peer file sharing computer networking software.<sup>62</sup> The Court found that evidence of active steps taken to encourage direct infringement, such as advertising an infringing use or instructing how to engage in an infringing use, showed an affirmative intent that the product would be used to infringe.<sup>63</sup>

Furthermore, the Court found that when an article is good for nothing else but infringement, there is no legitimate public interest in its unlicensed availability, and there is no injustice in presuming or imputing intent to infringe.<sup>64</sup> Thus, *Grokster* upheld *Water Technologies* by holding that circumstantial evidence is sufficient to prove inducement of infringement.<sup>65</sup>

Thus, the Federal Circuit in *Water Technologies* and the Supreme Court in *Grokster* have affirmed that circumstantial evidence may be used to infer intent to induce infringement. However, the intent required to prove inducement of infringement is different from the intent required to prove culpability in other areas of patent law, notably willful infringement and inequitable conduct. The intent requirement for willful infringement and inequitable conduct are discussed *infra* in Part III.A–B.

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to induce infringement. *Id.*

61. *Id.* at 669.

62. *Metro-Goldwyn-Mayer Studios v. Grokster, Ltd.*, 545 U.S. 913, 919–920 (2005).

63. *Id.* at 936.

64. *Id.* at 932.

65. *Id.* at 937 (“The inducement rule, instead, premises liability on purposeful, culpable expression and conduct, and thus does nothing to compromise legitimate commerce or discourage innovation having a lawful promise.”).

## III. INTENT IN OTHER AREAS OF PATENT LAW

## A. WILLFUL INFRINGEMENT

Willful infringement is a patent law doctrine where an alleged inducer willfully infringes a patent and is one of several factors used to determine whether enhanced damages are warranted under 35 U.S.C. § 284.<sup>66</sup> Willful infringement has an intent requirement, which is different than the intent requirement for inducement.<sup>67</sup>

In *In re Seagate Technology, L.L.C.*, the Federal Circuit held that “to establish willful infringement, a patentee must show by clear and convincing evidence that the infringer acted despite an objectively high likelihood that its actions constituted infringement of a valid patent.”<sup>68</sup> *In re Seagate* also requires an intent prong directed to the state of mind of an accused infringer as if the “threshold objective standard is satisfied, the patentee must also demonstrate that this objectively-defined risk (determined by the record developed in the infringement proceeding) was either known or so obvious that it should have been known to the accused infringer.”<sup>69</sup>

Thus, proving willful infringement requires considering the alleged willful infringer’s subjective state of mind or intent. Such subjective intent of the defendant was analyzed by the Federal Circuit in *Transocean Offshore Deepwater Drilling, Inc. v. Maersk Contractors USA, Inc.*<sup>70</sup>

In *Transocean*, the patented invention involved an improved apparatus for conducting offshore drilling.<sup>71</sup> The defendant, Maersk USA, made a modified rig that it believed designed around the patented invention.<sup>72</sup> The Federal Circuit held that even though Maersk USA knew of the patents, it

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66. See 35 U.S.C. § 284 (2006); *Read Corp. v. Portec, Inc.*, 970 F.2d 816, 826–28 (Fed. Cir. 1992); see also *Finisar Corp. v. DirecTV Grp., Inc.*, 523 F.3d 1323, 1339 (Fed. Cir. 2007).

67. *WordTech Sys. v. Integrated Network Solutions*, 609 F.3d 1308, 1316 (Fed. Cir. 2010) (“[T]he legal standards for willfulness and inducement, such as the requisite intent, are not identical.”).

68. *In re Seagate Tech., L.L.C.*, 497 F.3d 1360, 1371 (Fed. Cir. 2007) (“It is [a] high risk of harm, objectively assessed, that is the essence of recklessness at common law.” (quoting *Safeco Ins. Co. v. Burr*, 551 U.S. 47, 69 (2006))).

69. *In re Seagate Tech.*, 497 F.3d at 1371.

70. *Transocean Offshore Deepwater Drilling, Inc. v. Maersk Contractors USA, Inc.*, 617 F.3d 1296, 1300–01 (Fed. Cir. 2010).

71. *Id.*

72. *Id.* at 1313.

showed that it had the intent to avoid infringement by designing around the rig, and thus, its actions were not willful.<sup>73</sup>

#### B. INEQUITABLE CONDUCT

The doctrine of inequitable conduct is a doctrine whereby patentees are alleged to have deceived the United States Patent and Trademark Office (PTO), thus leading to a holding that a patent is unenforceable.<sup>74</sup> To successfully prove inequitable conduct, an accused infringer must provide evidence that the patent applicant (1) made an affirmative misrepresentation of material fact, failed to disclose material information, or submitted false material information, and (2) did so with the *intent to deceive* the PTO.<sup>75</sup> Thus, inequitable conduct has an intent requirement.<sup>76</sup>

To show deceptive intent, either direct or circumstantial evidence may be used.<sup>77</sup> However, “because direct evidence of deceptive intent is rarely available, such intent can be inferred from indirect and circumstantial evidence.”<sup>78</sup> In this context, the intent requirement for inequitable conduct is similar to the intent requirement for inducement. However, intent in inequitable conduct has an additional step; in order to draw an inference of intent to deceive the PTO, “the inference must not only be based on sufficient evidence and be reasonable in light of that evidence, but it must also be the *single most reasonable inference* able to be drawn from the evidence . . . .”<sup>79</sup>

Courts have debated whether various inferences are proper to be drawn in the inequitable conduct framework. The court in

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73. *Id.* at 1312–13.

74. *Therasense, Inc. v. Becton, Dickinson & Co.*, 649 F.3d 1276, 1287 (Fed. Cir. 2011).

75. *Star Scientific, Inc. v. R.J. Reynolds Tobacco Co.*, 537 F.3d 1357, 1366 (Fed. Cir. 2008) (citing *Cargill, Inc. v. Canbra Foods, Ltd.*, 476 F.3d 1359, 1363–64 (Fed. Cir. 2007)).

76. *See id.*

77. *Id.*

78. *Id.* (citing *Cargill, Inc. v. Canbra Foods, Ltd.*, 476 F.3d 1359, 1364 (Fed. Cir. 2007)).

79. *Id.* at 1366–67 (emphasis added) (“Whenever evidence proffered to show either materiality or intent is susceptible of multiple reasonable inferences, a district court clearly errs in overlooking one inference in favor of another equally reasonable inference.” (quoting *Scanner Techs. Corp. v. ICOS Vision Sys. Corp. N.V.*, 528 F.3d 1365, 1376 (Fed. Cir. 2008))).

*Cancer Research Technology Ltd. v. Barr Laboratories, Inc.* held that

[a] court *cannot simply infer* that an applicant “should have known” the materiality of withheld information and thus *intended to deceive* the PTO because the applicant knew of the information and the information is material. A district court must find some other evidence that indicates that the applicant appreciated the information’s materiality.<sup>80</sup>

Other courts have held that “when there are multiple reasonable inferences that may be drawn, intent to deceive cannot be found.”<sup>81</sup>

#### IV. THE DOCTRINE OF SPECIFIC INTENT SHOULD BE HARMONIZED WITH THE STANDARD FOUND IN INEQUITABLE CONDUCT

As discussed in Part III.A–B, the requirement to show intent in the inducement framework is different than the intent requirement in willful infringement and inequitable conduct.

Richard Stark and Andrei Harasymiak, in their paper *Inducement of Patent Infringement: The Intent Standard and Circumstantial Evidence of Intent*, identify that the inducement standard for intent is potentially subject to abuse as the inducement statute, 35 U.S.C. § 271(b), has no restriction on the degree to which activities can facilitate inducement.<sup>82</sup> Mr. Stark recommends explicitly requiring objective consideration of the strength of a defendant’s noninfringement and validity defenses in determining the defendant’s intent, and he suggests modifying the intent requirement for inducement to parallel that of willful infringement.<sup>83</sup>

While Mr. Stark’s recommendation is one approach to address the intent requirement for inducement, it is this author’s opinion that the intent standard for inducement should be equivalent to inequitable conduct, rather than willful infringement. This suggestion would harmonize with existing cases that use circumstantial evidence to infer specific intent.<sup>84</sup>

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80. *Cancer Research Tech. Ltd. v. Barr Labs., Inc.*, 625 F.3d 724, 733–34 (Fed. Cir. 2010) (emphasis added).

81. *Therasense, Inc. v. Becton, Dickinson & Co.*, 649 F.3d 1276, 1290–91 (Fed. Cir. 2011).

82. Stark & Harasymiak, *supra* note 11, at 112.

83. *Id.*

84. See, e.g., *Water Techs. Corp. v. Calco., Ltd.*, 850 F.2d 660 (Fed. Cir. 1988); *Moleculon Research Corp. v. CBS, Inc.*, 793 F.2d 1261, 1272 (Fed. Cir. 1986); see also *Ricoh Co., Ltd. v. Quanta Computer, Inc.*, 550 F.3d 1325 (Fed.

Moreover, in instances where circumstantial evidence is relied upon by courts to draw an inference that an alleged inducer has the specific intent to induce infringement, the following three factors should be considered: (1) nexus; (2) control; and (3) mitigating evidence of intent not to infringe. These factors should be analyzed because they provide specific insight into the state of mind of an alleged inducer.

#### A. NEXUS

Courts should consider the nexus between the circumstantial evidence set forth to prove inducement and the alleged state of mind of an inducer. In other words, the circumstantial evidence provided by the patentee must show that the alleged infringer had a *direct connection* to causing the infringement.

For example, if the evidence includes instructions that accompany a product and the instructions explicitly teach performing the patented invention, a nexus may be established, as a reasonable inference can be drawn that an alleged inducer is encouraging a user of the product to perform the instructions and, thus, to directly perform the act that infringes the patent. However, the instructions must be explicit in order to establish a nexus between the instructions and the alleged inducer's state of mind, as the *only reasonable* reading or interpretation of the instructions must be to teach a user to infringe the patent.

This is similar to the discussion in *Grokster*, in the context of contributory infringement, "where an article is good for nothing else but infringement, there is no legitimate public interest in its unlicensed availability, and there is no injustice in presuming or imputing an intent to infringe."<sup>85</sup> This is also similar to the intent requirement in inequitable conduct, as an inference of intent to induce infringement should only be drawn by a Court if it is the *single most reasonable inference* that can be drawn from the evidence.<sup>86</sup> Otherwise, it is impossible to

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Cir. 2008); *Metro-Goldwyn-Mayer Studios, Inc. v. Grokster, Ltd.*, 545 U.S. 913 (2005).

85. *Metro-Goldwyn-Mayer Studios, Inc. v. Grokster, Ltd.*, 545 U.S. 913, 932 (2005) (citation omitted).

86. See *Star Scientific, Inc. v. R.J. Reynolds Tobacco Co.*, 537 F.3d 1357, 1366 (Fed. Cir. 2008) (citing *Cargill, Inc. v. Canbra Foods, Ltd.*, 476 F.3d 1359, 1363–64 (Fed. Cir. 2007)).



impute that an alleged infringer has the requisite state of mind to induce direct infringement of a patent.

Thus, for inducement, if the *only reasonable* reading of the instructions is to teach a user to infringe a patent, it is straightforward to establish a nexus between the instructions and intent to induce infringement. However, if a reasonable reading or interpretation of the instructions is not to teach a user to directly infringe the patent, then intent to induce infringement should not be able to be inferred simply based upon the instructions.

Courts have held that if the instructions teach noninfringing uses of a product, it cannot be reasonably inferred that the alleged inducer has the specific intent to induce infringement.<sup>87</sup> Furthermore, there are various situations where it is improper to draw an inference of intent simply based upon instructions. For example, when the instructions are provided in order to meet certain industry standards or industry requirements, then it cannot be reasonably inferred that the alleged inducer had the specific intent to induce infringement simply by providing the instructions. Another situation involves having a third party control the content of the allegedly infringing instructions. In these instances, courts should consider two additional factors, control and evidence of mitigating circumstantial evidence of intent not to infringe, when making a determination whether an alleged inducer has the requisite state of mind to induce infringement.

#### B. CONTROL

To infer the specific intent of an alleged inducer, courts should also consider whether the alleged inducer had control over the instructions or actions of the direct infringer that suggest that the alleged infringer's state of mind was to encourage another to infringe a patented invention.

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87. "Specific intent to cause the acts which constitute infringement cannot be inferred from actions that merely make possible both infringing and noninfringing activities." *epicRealm, Licensing, L.L.C. v. Autoflex Leasing, Inc.*, 492 F. Supp. 2d 608, 635 (E.D. Tex. 2007) (citing *Warner-Lambert Co. v. Apotex Corp.*, 316 F.3d 1348, 1365 (Fed. Cir. 2003)). "[I]ntent cannot exist where the actions allegedly encouraging infringement could also encourage alternative, noninfringing acts." *epicRealm*, 492 F. Supp.2d at 635; *see also* *MercExchange, L.L.C. v. eBay, Inc.*, 401 F.3d 1323, 1333 (Fed. Cir. 2005); *Moba v. Diamond Automation*, 325 F.3d 1306, 1318 (Fed. Cir. 2003); *Warner-Lambert Co. v. Apotex Corp.*, 316 F.3d 1348, 1364–65 (Fed. Cir. 2003).

In *Water Technologies*, the fact that the alleged inducer had control over the instructions was important in inferring that the inclusion of those instructions with the product evidenced a specific intent to induce infringement.<sup>88</sup> Additionally, the fact that the alleged inducer helped the direct infringer make the resins by exerting *control* over the direct infringer's manufacture of the resins was determined to be critical in *Water Technologies*.

In contrast, when an alleged inducer does not exercise control over the instructions or actions of the direct infringer, one cannot simply infer intent based upon the circumstantial evidence.<sup>89</sup> In *Hewlett-Packard Co. v. Bausch & Lomb Inc.*, the patent was directed to a plotter system for forming images.<sup>90</sup> Hewlett-Packard accused Bausch & Lomb (B & L) of inducing infringement since B & L sold a division to a third party that sold wheel plotters.<sup>91</sup> The court found that after selling its division to a third party, "B & L had no interest in nor control over what [the third party] chose to do," and "any of the remaining details of the agreement between B & L and [the third party were not] sufficiently probative of intent to induce infringement."<sup>92</sup>

Similarly, in *L.A. Gear, Inc. v. E.S. Originals, Inc.*, the patent involved lighted shoes having a circuit for causing periodic flashing on and off of one or more lights.<sup>93</sup> The alleged inducer (Voit) entered into a contract with the shoe manufacturer to distribute shoes with the VOIT trademark. The court found that "nothing in the record indicates that Voit exercised any 'control' over the accused shoes, other than 'inspecting' samples sent to it," and thus found no inducement.<sup>94</sup>

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88. *Water Techs. Corp. v. Calco., Ltd.*, 850 F.2d 660, 668 (Fed. Cir. 1988).

89. *Cf. Hockerson-Halberstadt, Inc. v. JSP Footwear, Inc.*, 104 Fed. App'x. 721, 724 (Fed. Cir. 2004) ("[C]ontrol may indeed serve as a predicate for induced infringement under appropriate circumstances."); *Sensonics, Inc. v. Aerosonic Corp.*, 81 F.3d 1566, 1575 (Fed. Cir. 1996).

90. *Hewlett-Packard Co. v. Bausch & Lomb Inc.*, 909 F.2d 1464, 1466-67 (Fed. Cir. 1990).

91. *Id.* at 1467.

92. *Id.* at 1470.

93. *L.A. Gear, Inc. v. E.S. Originals, Inc.*, 859 F. Supp. 1294, 1296 (C.D. Cal. 1994).

94. *Id.* at 1302.

Thus, an inference of intent should only be able to be drawn when the alleged inducer has *control* over the instructions that are allegedly infringing. If the control requirement is obviated, then the intent requirement is washed away and inducement becomes a general tort (i.e., a strict liability offense) just like direct infringement.<sup>95</sup>

For example, an alleged inducer might not have control of the instructions as certain instructions might be required for various reasons discussed above, such as being provided to meet industry standards or to satisfy safety requirements. Similarly, instructions might be controlled by a third party agency, such as the FDA, which may require that instructions and a certain wording of instructions that allegedly teach a patent are provided with the product even though the alleged inducer would not choose to include these instructions with the product, and if possible, would remove the instructions.

For this reason, courts should consider and weigh whether an alleged inducer had control over the instructions submitted with a product or whether the alleged inducer had control over the actions of the direct infringers as a second factor when drawing an inference to determine affirmative intent to induce infringement.

#### C. MITIGATING EVIDENCE NOT TO INFRINGE

Courts should also consider mitigating evidence of intent not to infringe when determining whether an alleged infringer has the specific intent to induce infringement. Evidence that the alleged inducer took active steps to avoid infringement is important, as this evidence shows that the alleged inducer *did not* have the intent to encourage others to perform acts of direct infringement.

Mitigating evidence of intent not to infringe may include trying to remove the allegedly infringing language from the instructions or taking various steps to ensure that infringement does not occur. Other types of mitigating evidence to avoid infringement may include promoting uses of the product that do not infringe the patent or explicitly stating that

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95. Direct patent infringement is a strict liability offense. See *Blair v. Westinghouse Elec. Corp.*, 291 F. Supp. 664, 670 (D.D.C. 1968) (“[A]n infringement may be entirely inadvertent and unintentional and without knowledge of the patent.”); see also Mark A. Lemly, *Inducing Patent Infringement*, 39 U.C. DAVIS L. REV. 225, 228–31 (2005).

the alleged instructions should not be read to perform the acts that directly infringe upon the patent.

Thus, in determining whether an alleged inducer has the intent to induce infringement of a patent, courts also should weigh evidence of mitigating circumstantial evidence of intent not to infringe as a third factor in their analysis.

#### V. CONCLUSION

In sum, in instances where circumstantial evidence is relied upon to infer that the alleged inducer has the requisite state of mind to induce infringement, courts should weigh three factors when drawing an inference of affirmative intent: (1) nexus; (2) control; and (3) mitigating evidence of intent not to infringe.

It is up to courts to weigh the circumstantial evidence in light of these factors and to determine whether an alleged inducer has the specific intent required to encourage others to directly infringe upon another's patent. These factors will guide courts in making a proper determination of affirmative intent, which does not result in inconsistent results.