

DECEMBER 13, 2006

DSU Med. Corp. v. JMS Co.

Nos. 04-1620, 05-1048, -1052, Federal Circuit (Rader, Schall, Linn)

[I]nducement requires evidence of culpable conduct, directed to encouraging another's infringement, not merely that the inducer had knowledge of the direct infringer's activities.

On December 13, 2006, the Federal Circuit affirmed the district court's judgment entering the jury verdict, inter alia, that JMS infringed U.S. Patent No. 5,112,311, which related to a guarded, winged-needle assembly to reduce the risk of accidental needle-stick injuries, but that co-defendant IITL Corporation Pty, Limited did not induce or contribute to JMS' infringement. The jury awarded DSU damages of \$5,055,211 for JMS' infringement. The Federal Circuit addressed the specific issue of inducing infringement en banc to resolve conflicting precedent, stating:

[I]n the context of induced infringement, "the required intent . . . to induce the specific acts of [infringement] or additionally to cause an infringement." . . . "The 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." The requirement that the alleged infringer knew or should have known his actions would induce actual infringement necessarily includes the requirement that he or she knew of the patent. DSU claims the district court improperly instructed the jury on the state of mind necessary to prove inducement to infringe under 35 U.S.C. § 271(b). . . .

Under section 271(b), "[w]hoever actively induces infringement of a patent shall be liable as an infringer." To establish liability under section 271(b), a patent holder must prove that once the defendants knew of the patent, they "actively and knowingly aid[ed] and abett[ed] another's direct infringement." However, "knowledge of the acts alleged to constitute infringement" is not enough. The "mere knowledge of possible infringement by others does not amount to inducement; specific intent and action to induce infringement must be proven."

DSU asked the court to instruct the jury [that] to induce infringement, the inducer



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need only intend to cause the acts of the third party that constitute direct infringement. . . . The statute does not define whether the purported infringer must intend to induce the infringement or whether the purported infringer must merely intend to engage in the acts that induce the infringement regardless of whether it knows it is causing another to infringe. DSU complains that the instruction is incorrect because it requires that the inducer possess specific intent to encourage another's infringement, and not merely that the inducer had knowledge of the acts alleged to constitute infringement.

[I]f an entity offers a product with the object of promoting its use to infringe, as shown by clear expression or other affirmative steps taken to foster infringement, it is then liable for the resulting acts of infringement by third parties. "The inducement rule . . . premises liability on purposeful, culpable expression and conduct . . ."

[T]he "alleged infringer must be shown . . . to have knowingly induced infringement," not merely knowingly induced the acts that constitute direct infringement. . . . "While proof of intent is necessary, direct evidence is not required; rather, circumstantial evidence may suffice." [Although] "proof of actual intent to cause the acts which constitute the infringement is a necessary prerequisite to finding active inducement," [the] intent requirement for inducement requires more than just intent to cause the acts that produce direct infringement. Beyond that threshold knowledge, the inducer must have an affirmative intent to cause direct infringement. In the words of a recent decision, inducement requires "that the alleged infringer knowingly induced infringement and possessed specific intent to encourage another's infringement." Accordingly, inducement requires evidence of culpable conduct, directed to encouraging another's infringement, not merely that the inducer had knowledge of the direct infringer's activities. . . .

The jury heard evidence about the commercial transactions between IITL and JMS [and evidence] that IITL contacted an Australian attorney, who concluded that its Platypus would not infringe. JMS and IITL then also obtained letters from U.S. patent counsel advising that the Platypus did not infringe. Mr. William Mobbs, one of the owners of IITL who had participated in the design of the Platypus, testified that IITL had no intent to infringe the '311 patent.

Thus, on this record, the jury was well within the law to conclude that IITL did not induce JMS to infringe by purposefully and culpably encouraging JMS's

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infringement. To the contrary, the record contains evidence that IITL did not believe its Platypus infringed. Therefore, it had no intent to infringe. Accordingly, the record supports the jury's verdict based on the evidence showing a lack of the necessary specific intent.

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