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LEGAL ALERT

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Induced Patent Infringement Requires Proof of Knowledge that the Induced Acts Infringe

Yesterday the U.S. Supreme Court held in an 8-1 decision that induced patent infringement under 35 U.S.C. § 271(b) requires proof of knowledge that the induced acts constitute patent infringement. *Global-Tech Appliances, Inc. v. SEB S.A.*, No. 10-6, slip op. at 10 (May 31, 2011). The Court agreed that the inducer's knowledge of patent infringement may be proved by circumstantial evidence, but reversed the Federal Circuit's test for knowledge—"deliberate indifference to a known risk that a patent exists"—and replaced it with a "willful blindness" test to confine induced patent infringement to acts that "surpass[] recklessness and negligence." *Id.* at 10–14. (Click here for the Court's opinion).

"Willful blindness" has two requirements: "(1) the defendant must subjectively believe that there is a high probability that a fact exists and (2) the defendant must take deliberate actions to avoid learning of that fact." *Id.* at 13. Proof of "deliberate indifference" is insufficient because "it permits a finding of knowledge when there is merely a 'known risk' that the induced acts are infringement," and it "does not require active efforts by an inducer to avoid knowing about the infringing nature of the activities." *Id.* at 14.

Even though the Court revised the standard for proving knowledge, the Court affirmed the Federal Circuit's decision that defendant Global-Tech induced infringement under § 271(b). *Id.* Global-Tech designed fryers to be sold in the United States by copying a patented SEB fryer it purchased in Hong Kong, where the SEB fryer was not marked with U.S. patents. *Id.* at 2, 15. Global-Tech then failed to inform its patent attorney that it copied SEB's design when it sought a patent clearance opinion to sell its fryer in the United States. *Id.* at 2, 15. The Court held this evidence sufficient to show that Global-Tech willfully blinded itself to the infringing nature of its U.S. customers' sales of the copied fryer. *Id.* at 15.

Justice Kennedy dissented. He agreed that § 271(b) requires knowledge that the induced acts constitute patent infringement, but did not agree that the "willful blindness" test shows the requisite knowledge. *Id.* at 1 (Kennedy, J., dissenting). Justice Kennedy would have remanded the case to the Federal Circuit for consideration of whether the facts presented sufficient circumstantial evidence to show that Global-Tech actually knew of the SEB patent. *Id.* at 4 (Kennedy, J., dissenting).

The Supreme Court's decision has important implications for patentees and accused inducers of infringement. A patentee must now present evidence demonstrating the inducer's knowledge of the patent to prove induced infringement. "Willful blindness" to the patent, which is more than deliberate indifference, recklessness, or negligence, can show an inducer's knowledge of the patent. Direct evidence of the inducer's knowledge, which could be provided in a notice letter, would also suffice. Proving the inducer's knowledge of the patent also may entitle a patentee to additional past damages, because proof that the inducer knew of the patent also may show that the inducer had notice of the patent from its first infringing act.

Because knowledge of patent infringement is an element of inducement, a well-reasoned opinion of counsel may help an accused inducer avoid liability if the opinion enables the accused inducer to show it did not know that it was infringing or believed that the patent was invalid. *Cf. id.* at 13 (inducement requires a subjective belief that a "high probability" of patent infringement exists); *id.* at 2 ("The alleged inducer who believes a device is noninfringing cannot be said to know otherwise.") (Kennedy, J., dissenting).

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