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# Foreign Acts and 35 U.S.C. § 271

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# 35 U.S.C. § 271 - Infringement

- (a) Except as otherwise provided in this title, 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.
- (b) Whoever **actively induces** infringement of a patent shall be liable as an infringer

# 35 U.S.C. § 271 - Infringement

- (c) Whoever offers to sell or sells within the United States or imports into the United States a component of a patented machine, manufacture, combination, or composition, or a material or apparatus for use in practicing a patented process, constituting a material part of the invention, knowing the same to be especially made or especially adapted for use in an infringement of such patent, and not a staple article or commodity of commerce suitable for substantial non-infringing use, shall be liable as a contributory infringer.

# 35 U.S.C. § 271 - Infringement

- (f)(1) 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.

# 35 U.S.C. § 271 - Infringement

- (f)(2) Whoever without authority **supplies or causes to be supplied** in or from the United States **any component of a patented invention** that is especially made or especially adapted for use in the invention and **not a staple article** or commodity of commerce **suitable for substantial noninfringing use**, where such component is uncombined in whole or in part, knowing that such component is so made or adapted and intending that such component will be combined 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.

# 35 U.S.C. § 271 - Infringement

- (g) Whoever without authority **imports** into the United States or offers to sell, sells, or uses within the United States **a product which is made by a process patented** in the United States shall be liable as an infringer, if the importation, offer to sell, sale, or use of the product occurs during the term of such process patent. ... A product which is made by a patented process will, for purposes of this title, not be considered to be so made after
  - (1) it is materially changed by subsequent processes; or
  - (2) it becomes a trivial and nonessential component of another product.

# 35 U.S.C. § 271 – Case Law

- Standard Havens v. Gencor – Dec. 1991
  - Gencor sold asphalt-production plants that used the patented method for producing asphalt.
  - One asphalt-production plant sold to foreign customer, who did not import products to U.S.
  - 271(g): the Court found no infringement because there was **no importation to U.S.**
  - 271(f): the Court unequivocally stated that there is **no implication of 271(f) by the sale of non-patented apparatus to foreign customer for use outside of U.S.**

# 35 U.S.C. § 271 – Case Law

- Synaptic Pharm. v. MDS Panlabs – June 2002
  - Synaptic Pharm. patented a process related to biological testing. MDS affiliate Panlabs Taiwan conducted the patented process outside the U.S. MDS imported the results of the process into the U.S. from Panlabs Taiwan.
  - 271(g): the Court found no infringement because diagnostic “**results**” are not “**products**” derived from patented manufacturing methods.
  - 271(f): the Court expressly stated that 271(f) protects against the **export of components** of patented inventions, **not against the foreign use of process patents**.



# 35 U.S.C. § 271 – Case Law

- Eolas Technologies v. Microsoft – March 2005
  - Microsoft software infringed patented method for automatically invoking external application providing interaction and display of embedded objects. Golden master disks containing the infringing software code were exported for replication abroad for sale outside of the U.S.
  - 271(g): not implicated as no importation to U.S.
  - 271(f): the Court held that **every component of every form of invention deserves the protection of 271(f)** and that the software code on the golden master disks is a “component” of the patented invention.

# 35 U.S.C. § 271 – Case Law

- AT&T v. Microsoft – July 2005 (reversed)
  - Microsoft software included speech codecs that infringe AT&T patented method for processing speech patterns. Golden master disks with the infringing software code were exported for replication abroad for sale outside of the U.S.
  - 271(g): not implicated as no importation to U.S.
  - 271(f): the Court finds infringement, citing Eolas, and states that for software “components,” the act of copying is subsumed in the act of “supplying,” such that sending a single copy abroad with the intent that it be replicated invokes 271(f) liability for those foreign-made copies.

# 35 U.S.C. § 271 – Case Law

- NTP v. Research In Motion – August 2005
  - Research In Motion manufactured devices that are capable of infringing a patented email delivery process. Some, if not all, of the patented process steps are performed in Canada.
  - 271(g): not implicated because the “transmission of information,” like the “production of information,” does not entail the manufacturing of a physical product.
  - 271(f): the Court distinguishes Eolas stating that “the law is unequivocal that the sale of equipment to perform a process is not a sale of the process within the meaning of 271(f).”

# 35 U.S.C. § 271 – Case Law

- Union Carbide v. Shell Oil – Oct. 2005
  - Union Carbide patented process for producing a ethylene oxide. Shell exported from the U.S. catalysts particularly suited for use in the patented process.
  - 271(g): not implicated as no importation to U.S.
  - 271(f): the Court held that the catalyst was a component of the patented process citing Eolas “every component of every form of invention deserves the protection of 271(f).”

# 35 U.S.C. § 271 – Case Law

- **AT&T v. Microsoft – April 2007**
  - Supreme Court **reversed** the Federal Circuit’s decision holding:
    - Because Microsoft does not export from the United States **the copies of Windows** installed on the foreign-made computers in question, Microsoft does not “suppl[y] ... from the United States” “components” of those computers, and therefore is not liable under § 271(f) as currently written.
    - Until expressed as a **computer-readable “copy,”** any software detached from an activating medium remains uncombinable. **Software in the abstract** is not a “component.”
    - The presumption against extraterritoriality and the specific intent of Congress in enacting § 271(f) weigh against AT&T.

# 35 U.S.C. § 271 – Case Law

- **Informatica v. B.O.D.I. – May 2007**

- Informatica patents involved methods of sharing and transforming data in databases. B.O.D.I. willfully infringed domestically and by exporting software. New trial was granted for damages recalculation.
- Informatica contended that *Microsoft* does not disturb the Federal Circuit's holding in *Union Carbide*, contrasting the apparatus claim in *Microsoft* with the method claims here and in *Union Carbide*. However, Court disagrees.
  - Consistent with *Union Carbide* on the issue of **directly supplying** components abroad, *Microsoft* controls on the issue of “supplying” **master disks**, not **user-ready copies**, abroad.
  - *Microsoft* calls into question the reasoning of *Eolas* to the extent that the Federal Circuit may have been referring to **software in the abstract**, rather than **captured in a medium**.

# 35 U.S.C. § 271 – Case Law

- **Lucent v. Gateway and Microsoft – Aug. 2007**
  - Lucent patents related to audio coding methods. Microsoft sold software possibly capable of infringing.
  - Distinguishing *Microsoft v. AT&T*, the Court said:
    - One of the key concerns regarding § 271(f) is the effect of U.S. patent law on **extraterritorial activities**.
    - This concern **does not infect § 271(c)**. While domestic patent laws more readily govern facilitation and inducement of infringement, § 271(f) is **limited to components** supplied for a combination that will be made outside the United States.
  - New trial ultimately granted for lack of evidence of actual infringement, *i.e.*, Lucent presented only circumstantial evidence that the patented process was performed.

# 35 U.S.C. § 271 – Case Law

- **Atmel v. Authentec – Jan. 2008**
  - Atmel patents related to methods involving biometric sensors. Authentec sold software to foreign customers that, when combined with semiconductor sensors, may infringe the patents.
  - Citing *Microsoft v. AT&T*, the Court said:
    - Software “abstracted from a tangible copy” is simply information that does not constitute a component supplied from the United States for purposes of § 271(f).
    - “The electronic transmissions” of software are not themselves installed on the computers. Rather, the transmissions are copied onto the receiving computer and then copied for installation on the products in question.
  - Case dismissed for lack of valid claim of infringement under 271(f).



# 35 U.S.C. § 271 – Case Law

- **Veritas v. Microsoft – Feb. 2008**
  - Veritas patent related to backup and restoration methods. Microsoft sold software that had the capability to infringe.
  - Distinguishing Microsoft v. AT&T, the Court said:
    - The Supreme Court’s decision regarding the “**component of a patented invention**” in 271(f) should not be broadly applied to the meaning of “**material or apparatus for use in practicing a patented process**” in 271(c).
    - It is reasonable to view software **embodied in some media** as a “material or apparatus” that may be used in practicing a patented process.
  - Case ultimately dismissed on Summary Judgment for lack of evidence of actual infringement, *i.e.*, Veritas showed no evidence that the patented process was ever performed.

# 35 U.S.C. § 271 – Case Law

- Lucent v. Gateway and Microsoft – June 2008
  - Lucent patents related to touch screen form entry methods. Microsoft sold infringing software in the U.S.
  - Distinguishing Microsoft v. AT&T, the Court said:
    - The Supreme Court held that **software, in the abstract, could not be a component**, for purposes of infringement of an apparatus patent under § 271(f).
    - The Supreme Court's opinion did not reach contributory infringement under § 271(c), and it expressly left open the question of whether **software, even in the abstract, may be a component of a method claim** for § 271(f) purposes.

# 35 U.S.C. § 271 – Effects

- The *Eolas* ruling, and the subsequent cases following the ruling, may affect your business if you own U.S. patents claiming methods or software, or if a subsidiary company exports products produced in the U.S.
- If a subsidiary exports anything created in the U.S. that infringes a patented invention when combined, arguably, the company may have liability under 271(f). Naturally, this can greatly enhance the calculated damages.

# 35 U.S.C. § 271 – Effects

- Prior to *Eolas*
  - Methods were explicitly excluded from 271(f)
  - Components had to be **tangible**
- After *Eolas*
  - Computer software, though intangible, can be considered a **component**
  - Moreover, the Court held that methods were **not** excluded from 271(f)

# 35 U.S.C. § 271 – Effects

- Supreme Court addressed 271(f) in *Microsoft*:
  - a **copy** of computer software, not the **software in the abstract**, qualifies as a “**component**” within 271(f).
  - 271(f) is not applicable where computer software is first sent from the U.S. to a foreign computer manufacturer on a **master disk**, or by **electronic transmission**, and then **copied by the foreign recipient for installation on computers made and sold abroad**, since the copies, as “components” installed on the foreign made computers, were not supplied from the U.S.

# 35 U.S.C. § 271 – Effects

- 35 U.S.C. §271 after *Microsoft*
  - The Supreme Court clearly limited what qualifies as a “component” within 271(f).
  - However, there was a clear distinction was made between human-readable “source code” and computer-readable “object code” as a combinable component.
  - Courts following *Microsoft* have narrowed the limitations
    - The limitations on 271(f) are **not applicable** to contributory infringement under 271(c).
    - The limitations on 271(f) with respect to apparatus claims **may not be applicable** to method claims.

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Thank you.

Any Questions?