

Nos. 13-896 and 13-1044

In the Supreme Court of the United States

COMMIL USA, LLC, PETITIONER

v.

CISCO SYSTEMS, INC.

CISCO SYSTEMS, INC., PETITIONER

v.

COMMIL USA, LLC

*ON PETITION AND CONDITIONAL CROSS-PETITION FOR A WRIT
OF CERTIORARI TO THE UNITED STATES COURT OF APPEALS
FOR THE FEDERAL CIRCUIT*

BRIEF FOR THE UNITED STATES AS AMICUS CURIAE

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QUESTIONS PRESENTED

Under 35 U.S.C. 271(b), “[w]hoever actively induces infringement of a patent shall be liable as an infringer.” The questions presented are as follows:

1. Whether a good-faith belief that a patent is invalid is a defense to inducement liability under Section 271(b).

2. Whether the district court erred in instructing the jury that the defendant could be held liable under Section 271(b) if it “knew or should have known that its actions would induce actual infringement.”

3. Whether the court of appeals correctly held that ordering a partial retrial on the issue of inducement liability, without also retrying the validity of the patent in suit, is consistent with the Seventh Amendment.

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INTEREST OF THE UNITED STATES

This brief is filed in response to the Court's order inviting the Solicitor General to express the views of the United States. In the view of the United States, the petition for a writ of certiorari in No. 13-896 should be granted, limited to the first question presented, and the conditional cross-petition in No. 13-1044 should be denied.

STATEMENT

1. A patent holder may bring a civil action for infringement in order to enforce the exclusive rights

granted by the Patent Act. 35 U.S.C. 271(a), 281, 284. Section 271(a) of Title 35 of the United States Code provides in relevant part that “whoever without authority makes, uses, offers to sell, or sells any patented invention, within the United States * * * infringes the patent.” 35 U.S.C. 271(a). Under Section 271(a), a “direct infringer’s knowledge or intent is irrelevant” to liability. *Global-Tech Appliances, Inc. v. SEB S.A.*, 131 S. Ct. 2060, 2065 n.2 (2011).

Section 271(b) states that “[w]hoever actively induces infringement of a patent shall be liable as an infringer.” 35 U.S.C. 271(b). This Court has held that Section 271(b) requires “at least some intent,” including knowledge of, or willful blindness concerning, the patentee’s exclusive rights. *Global-Tech*, 131 S. Ct. at 2065, 2068.

2. a. Commil USA, LLC (Commil), holds U.S. Patent No. 6,430,395 (filed Feb. 16, 2001) (the ’395 patent), which claims a method of implementing wireless networks. Cisco Systems, Inc. (Cisco), manufactures and sells wireless networking equipment. Commil brought this action in federal district court, alleging that Cisco had manufactured network access points and controllers that employed the claimed method. Pet. App. 2a-5a.¹ Commil alleged that Cisco directly infringes the ’395 patent when it uses its access points and controllers, and that Cisco indirectly infringes when it encourages its customers to do the same. Pet. 7.

b. A jury rejected Cisco’s contention that the ’395 patent is invalid, and it found Cisco liable for direct

¹ Unless otherwise noted, all references to “Pet.,” “Pet. App.,” and “Br. in Opp.” are to the petition, petition appendix, and brief in opposition filed in No. 13-896.

infringement but not for inducing infringement. Pet. App. 40a-41a. The jury awarded damages of approximately \$3.7 million. *Id.* at 41a.

Commil moved for a new trial on inducement liability and damages on the ground that Cisco's local counsel had made inappropriate religious references intended to prejudice the jury against Commil. Pet. App. 41a-43a. The district court held that the comments had "prejudiced the jury's findings regarding indirect infringement and damages," and it granted a retrial on those issues, while leaving intact the jury's verdict that the '395 patent was not invalid. *Id.* at 44a; see 13-1044 Pet. App. 3a-12a.

c. In a subsequent partial retrial, Cisco sought to introduce evidence that it had a good-faith belief that the '395 patent was invalid. Cisco contended that such evidence supported its argument that it lacked intent to induce infringement. The district court excluded the evidence without explanation. Pet. App. 46a.

The district court instructed the jury that it could find Cisco liable for induced infringement only if it concluded that Cisco (1) "actually intended to cause the acts that constitute direct infringement," and (2) was aware of the patent and "knew or should have known that its actions would induce actual infringement." Pet. App. 238a-239a. The jury found Cisco liable for inducing infringement and awarded damages of approximately \$63.8 million. *Id.* at 48a.

3. A divided panel of the Federal Circuit affirmed in part, vacated in part, and remanded for a new trial on induced infringement and damages. Pet. App. 1a-39a.

a. The court of appeals unanimously held that the district court's jury instructions were erroneous and

warranted retrial. The court stated that, under *Global-Tech*, “[a] finding of inducement requires both knowledge of the existence of the patent and ‘knowledge that the induced acts constitute patent infringement.’” Pet. App. 9a (quoting 131 S. Ct. at 2068). The court of appeals concluded that the district court’s jury instructions, by stating that Cisco could be found liable if it “knew or should have known that its actions would induce actual infringement,” had allowed “the jury to find the defendant liable based on mere negligence where knowledge is required.” *Id.* at 7a-8a. The court held that the instruction was prejudicial and required a retrial. *Id.* at 9a-10a.

A majority of the panel next held that the district court had erred by excluding Cisco’s evidence that it possessed a good-faith belief that the ’395 patent was invalid. Pet. App. 10a-13a, 28a-29a. The court stated that “evidence of an accused inducer’s good-faith belief of invalidity may negate the requisite intent for induced infringement,” *id.* at 12a-13a, because “[i]t is axiomatic that one cannot infringe an invalid patent,” *id.* at 11a. The court also relied on the Federal Circuit’s prior holding that evidence of “a good-faith belief of non-infringement” is a defense to inducement liability. *Ibid.* The court found “no principled distinction between a good-faith belief of invalidity and a good-faith belief of non-infringement for the purpose of whether a defendant possessed the specific intent to induce infringement of a patent.” *Ibid.* The majority also stated, however, that a belief in invalidity would not necessarily “preclud[e] a finding of induced infringement.” *Id.* at 13a & n.1.

A different majority held that the district court’s grant of a retrial limited to inducement liability and

damages did not violate the Seventh Amendment. Pet. App. 17a-20a, 22a. The court explained that, under *Gasoline Products Co. v. Champlin Refining Co.*, 283 U.S. 494 (1931), partial retrials are permitted if, but only if, “it clearly appears that the issue to be retried is so distinct and separable from the others that a trial of it alone may be had without injustice.” Pet. App. 17a (quoting 283 U.S. at 500). The court concluded that the issues to be retried were “distinct and separate” from the already-decided issue of the patent’s validity. *Id.* at 20a.

Finally, the panel affirmed the district court’s construction of the patent claims and its findings regarding validity. Pet. App. 20a-21a. The court declined to address Cisco’s contention that Commil had failed to prove that Cisco’s customers committed the direct infringement necessary to support Cisco’s liability for inducement, as well as Cisco’s arguments concerning damages. *Id.* at 21a.

b. Judge Newman dissented from the court’s holding that a good-faith belief in invalidity is a defense to inducement liability. Pet. App. 22a-27a. Judge O’Malley dissented from the court’s holding that the partial retrial was consistent with the Seventh Amendment, as well as from the court’s decision not to reach the question whether Cisco’s customers had committed direct infringement. *Id.* at 28a-39a.

4. The court of appeals denied both parties’ petitions for rehearing en banc. Pet. App. 50a-52a. Five judges would have granted rehearing en banc to consider the panel’s recognition of the “good faith belief in invalidity” defense, and four of those judges also would have granted rehearing to consider the panel’s

grant of a partial retrial. *Id.* at 53a-60a (Reyna, J., dissenting); *id.* at 61a-63a (Newman, J., dissenting).

DISCUSSION

This Court should grant Commil's petition for certiorari (No. 13-896) with respect to the first question presented. The court of appeals erred in holding that a person who knowingly induces another to engage in infringing conduct may avoid liability under Section 271(b) by demonstrating that it had a good-faith belief that the infringed patent was invalid. This Court's review is warranted to prevent defendants from avoiding inducement liability on a ground that is inconsistent with the text, structure, and purposes of the relevant Patent Act provisions. The Court should deny review with respect to the second question presented, as Commil challenges only the court of appeals' case-specific interpretation of the jury instructions given at the second trial in this case.

The Court should deny Cisco's conditional cross-petition (No. 13-1044). The court of appeals correctly recognized that partial retrials are governed by this Court's decision in *Gasoline Products Co. v. Champlin Refining Co.*, 283 U.S. 494 (1931), and it correctly held that the inducement issues to be retried are distinct and separable from the validity questions decided by the portion of the verdict left intact. Although the court misstated the *Gasoline Products* standard in portions of its decision, it did not purport to announce a new standard, and the error does not appear to have affected the outcome.

I. THE COURT SHOULD GRANT THE FIRST QUESTION PRESENTED IN NO. 13-896

A. This Court Should Review The Federal Circuit’s Ruling That A Good-Faith Belief That A Patent Is Invalid May Negate The Scienter Required For Liability Under Section 271(b)

The court of appeals erred in holding that a defendant’s good-faith belief that the patent in question is invalid is a defense to inducement liability under Section 271(b). That holding is inconsistent with the Patent Act’s text and structure, and it may undermine Section 271(b)’s efficacy as a means of deterring and remedying infringement. This Court’s review is warranted.

1. a. Section 271(a) defines direct infringement by providing that “whoever without authority makes, uses, offers to sell, or sells any patented invention * * * infringes the patent.” 35 U.S.C. 271(a). Because “unauthorized use, without more, constitutes infringement,” *Aro Mfg. Co. v. Convertible Top Replacement Co.*, 377 U.S. 476, 484 (1964) (*Aro II*), a “direct infringer’s knowledge or intent is irrelevant” to his liability under Section 271(a). *Global-Tech Appliances, Inc. v. SEB S.A.*, 131 S. Ct. 2060, 2065 n.2 (2011). Section 271(b) states that “[w]hoever actively induces infringement of a patent shall be liable as an infringer.” 35 U.S.C. 271(b).

The Patent Act also identifies the defenses available to an accused infringer. See 35 U.S.C. 282. One such defense is non-infringement. 35 U.S.C. 282(b)(1). Another is that the asserted patent is invalid—*i.e.*, that the United States Patent and Trademark Office (PTO) erred in determining that the claimed invention

satisfies the requirements of the Patent Act. 35 U.S.C. 282(b)(2) and (3).

b. In *Aro II*, the Court construed 35 U.S.C. 271(c), which imposes secondary liability on any person who sells a component of a patented invention, “knowing the same to be especially made or especially adapted for use in an infringement of such patent.” See 377 U.S. at 485. The Court stated that Section 271(c) “require[s] a showing that the alleged contributory infringer knew that the combination for which his component was especially designed was both patented and infringing.” *Id.* at 488. The Court concluded that its “interpretation of the knowledge requirement affords Aro no defense with respect to replacement-fabric sales made after January 2, 1954.” *Id.* at 490. The crucial event that occurred on January 2, 1954, was that the patent holder (AB) sent Aro a letter informing Aro of the relevant patent and of AB’s view that Aro’s conduct was infringing. *Id.* at 489-490. The Court appeared to treat that communication as conclusively establishing Aro’s scienter for purposes of Section 271(c). See *id.* at 490-491.

The Court in *Aro II* did not discuss whether Aro continued to believe, even after receiving AB’s letter, that the conduct it facilitated was actually non-infringing. Thus, although the Court referred to the defendant’s knowledge that the conduct it facilitated “constituted infringement,” 377 U.S. at 488, the Court found that knowledge to be established by the defendant’s receipt of an allegation of infringement. The Court in *Aro II* focused not on whether the defendant *believed* that the conduct it facilitated was actually infringing, but on whether the defendant had been

given adequate warning of the risk of secondary liability.

c. In *Global-Tech*, the Court addressed the intent required for inducement liability under Section 271(b). The Court explained that Section 271(b)'s reference to "actively induc[ing]" infringement indicates that the defendant must "tak[e] * * * affirmative steps to bring about the desired result," and that the provision therefore requires "at least some intent." 131 S. Ct. at 2065. The Court held that Section 271(b) "requires knowledge of the existence of the patent that is infringed," and that willful blindness as to the existence of the patent could satisfy that requirement. *Id.* at 2068-2070. That holding was based on the Court's conclusion that *Aro II*'s construction of Section 271(c) was binding as a matter of *stare decisis*, and that there was no sound reason to give Section 271(b) a different reading. See *id.* at 2067-2068.

Global-Tech clearly establishes that a defendant may be held liable under Section 271(b) only if it knew about the patent at issue. *Global-Tech* does not clearly resolve, however, whether the defendant must additionally possess actual knowledge that the induced conduct constitutes infringement. On the one hand, certain passages in *Global-Tech* suggest that Section 271(b) requires only knowledge of (or willful blindness to) the patent's *existence*. See, e.g., 131 S. Ct. at 2068 ("[W]e proceed on the premise that [Section] 271(c) requires knowledge of the existence of the patent that is infringed. Based on this premise, it follows that the same knowledge is needed for induced infringement under [Section] 271(b)."). On the other hand, prominent passages in *Global-Tech* suggest that Section 271(b) additionally requires proof that the defendant

knew the induced conduct to be infringing. See, *e.g.*, 131 S. Ct. at 2068 (“[W]e now hold that induced infringement under [Section] 271(b) requires knowledge that the induced acts constitute patent infringement.”). The factual circumstances of *Global-Tech* did not require the Court to choose between those two potential understandings of Section 271(b)’s scienter requirement. See generally Gov’t Br. at 19-20, *Span- sion, Inc. v. International Trade Comm’n*, 132 S. Ct. 758 (2011) (No. 11-127).

2. Since *Global-Tech*, the Federal Circuit has held that Section 271(b) requires “specific intent” to cause infringement, including knowledge that the induced conduct actually infringes the patent. *DSU Med. Corp. v. JMS Co., Ltd.*, 471 F.3d 1293, 1305-1306 (2006) (en banc); *In re Bill of Lading Transmission & Pro- cessing Sys. Patent Litig.*, 681 F.3d 1323, 1339 (2012). Starting from that premise, the Federal Circuit held in this case that a good-faith belief in the invalidity of the patent in suit should similarly be a defense to inducement liability. Pet. App. 11a. That holding is inconsistent with the text, structure, and purposes of the relevant Patent Act provisions.

a. By providing that “[w]hoever actively induces *infringement* of a patent shall be liable as an infringer,” Section 271(b) defines inducement liability in terms of direct infringement. See *Limelight Net- works, Inc. v. Akamai Techs., Inc.*, 134 S. Ct. 2111, 2117 (2014). To establish inducement, the patentee must prove, *inter alia*, that the induced conduct con- stitutes direct infringement under Section 271(a). To satisfy that prerequisite to inducement liability, the patentee must demonstrate only that the induced parties practiced all the elements of a claimed product

or method without authorization. *Global-Tech*, 131 S. Ct. at 2065 n.2. The validity of the patent is not an element of direct infringement. 35 U.S.C. 271(a). A defendant’s belief that the patent is invalid is likewise irrelevant to direct infringement, since Section 271(a) is a strict-liability tort. *Global-Tech*, 131 S. Ct. at 2065 n.2.

In addition to requiring proof that the induced conduct constituted direct infringement, Section 271(b) imposes an intent requirement. The plaintiff in a Section 271(b) case must prove that the alleged inducer intended, and took “affirmative steps to bring about,” the conduct that is ultimately found to be infringing. *Global-Tech*, 131 S. Ct. at 2065. The plaintiff must also prove that the defendant was aware of (or was willfully blind to) the patent’s existence. *Id.* at 2065-2068.

As explained above, *Global-Tech* does not resolve whether the defendant must know in addition that the induced conduct actually infringed the patent. But regardless of how that question is ultimately decided, Section 271(b) neither requires knowledge of the patent’s validity nor suggests that a good-faith belief in invalidity is a proper defense. The inducee’s unauthorized performance of all steps of a patented method constitutes “infringement,” even if the patent is ultimately found to be invalid. Thus, even if Section 271(b) is held to require proof that the defendant knew the induced conduct would constitute actual “infringement,” the defendant’s good-faith belief in the invalidity of the patent would not suggest that such knowledge was lacking.²

² The Federal Circuit asserted that, although a good-faith belief in invalidity will *sometimes* preclude liability, it will not *necessari-*

b. The Federal Circuit offered two justifications for recognizing a “good-faith belief in invalidity” defense under Section 271(b). Pet. App. 10a-13a. Each is flawed.

i. In concluding that a good-faith belief in invalidity would negate a defendant’s intent to induce infringement, the Federal Circuit asserted that “[i]t is axiomatic that one cannot infringe an invalid patent.”³ Pet. App. 11a. In fact, “infringement and invalidity are separate issues under the patent code.” *Id.* at 56a (Reyna, J., dissenting from denial of rehearing en banc). A patent is infringed, regardless of its validity, if the defendant has practiced all of its elements without authorization. 35 U.S.C. 271(a); *Global-Tech*, 131 S. Ct. at 2065 n.2.

Thus, a “more accurate statement” of the law is that a finding of invalidity does not negate the fact of infringement, but instead precludes *liability* for that infringement. Pet. App. 57a (Reyna, J., dissenting from denial of rehearing en banc). Consistent with

ly have that effect. Pet. App. 13a & n.1. But if a good-faith belief in invalidity establishes that the defendant “can hardly be said” to have intended to induce infringement, *id.* at 12a, it is unclear how there could ever be circumstances in which the defendant believed the patent was invalid but still intended to induce infringement. The court also did not explain how the jury should decide whether such a defendant possesses the scienter necessary for inducement liability.

³ Although the Federal Circuit has sometimes recited this “axiom,” it has generally done so only to explain that it is unnecessary to resolve allegations of infringement when the patent has been held invalid. The two decisions cited by the court in this case fall into that category. See Pet. App. 11a (citing *Prima Tek II, L.L.C. v. Polypap, S.A.R.L.*, 412 F.3d 1284, 1291 (Fed. Cir. 2005); *Richdel, Inc. v. Sunspool Corp.*, 714 F.2d 1573, 1580 (Fed. Cir. 1983)).

that understanding, the Patent Act identifies “[n]on-infringement” and “[i]nvalidity of the patent” as *separate* defenses to an infringement suit. 35 U.S.C. 282(b)(1) and (2); cf. *Microsoft Corp. v. i4i Ltd. P’ship*, 131 S. Ct. 2238, 2246 (2011) (invalidity of patent must be proved by clear and convincing evidence). Indeed, Judge Giles Rich—one of the principal architects of the Patent Act of 1952—described the assertion “that invalid claims cannot be infringed” as “a nonsense statement.” *Spectra-Physics, Inc. v. Coherent, Inc.*, 827 F.2d 1524, 1535 (Fed. Cir.), cert. denied, 484 U.S. 954 (1987); see also *Medtronic, Inc. v. Cardiac Pace-makers, Inc.*, 721 F.2d 1563, 1583 (Fed. Cir. 1983).

ii. Citing circuit precedent holding that a good-faith belief in non-infringement can be a defense to inducement liability, the Federal Circuit found “no principled distinction between a good-faith belief of invalidity and a good-faith belief of non-infringement.” Pet. App. 11a (citing *DSU Med. Corp.*, 471 F.3d at 1307). As discussed above, see pp. 8-10, *supra*, this Court has not clearly endorsed the premise of the Federal Circuit’s reasoning, *i.e.*, that a good-faith belief in non-infringement is a defense under Section 271(b). But because neither party contests that aspect of the court of appeals’ reasoning, see Pet. 14, 24; Br. in Opp. 10, the soundness of that premise is not squarely at issue here.

Even if that premise is accepted, however, it does not follow that a belief in invalidity should also be a defense. If Section 271(b) requires knowledge that the induced conduct actually infringes a patent, then the accused infringer’s good-faith belief that it was inducing activities outside the patent’s coverage would negate that required knowledge. See Pet. App. 59a

(Reyna, J., dissenting from denial of rehearing en banc). By contrast, an inducer who knows that the induced conduct practices a patent, but who believes that the patent is invalid, nevertheless knows that it is inducing “infringement” as that term is properly understood. See *ibid.*; pp. 10-13, *supra*.

3. a. Whether a defendant’s subjective belief as to validity can negate the scienter required for inducement liability is an issue of substantial ongoing importance. The decision below announces a defense to liability under Section 271(b) that had never previously been recognized by the Federal Circuit. Pet. App. 11a. The court’s reasoning has broad implications, moreover, as it suggests that a defendant’s good-faith belief in any potential defense to infringement liability—for instance, a good-faith belief that the patentee committed fraud on the PTO, see 35 U.S.C. 282(b)(1)—ought to be a defense to inducement.

The court of appeals’ holding may “fundamentally change[] the operating landscape” of inducement suits. Pet. App. 60a (Reyna, J., dissenting from denial of rehearing en banc). Accused inducers are likely to raise the new defense in most, if not all, cases. Indeed, patent practitioners are already advising their clients that, when they are notified by a patent holder that they may be inducing infringement, they should quickly obtain an “opinion of counsel” to support a claim of a good-faith belief in invalidity, because such an opinion “can be particularly helpful” in “avoid[ing] inducement liability.” *E.g.*, Brian D. Coggio, *Avoid Inducement Liability With Early Opinion Of Counsel* (Mar. 21, 2014), <http://www.law360.com/articles/516267/avoid-inducement-liability-with-early-opinion-of-counsel>.

Inducement liability provides an important means of enforcing patent rights. Although the Federal Circuit’s “knowledge of invalidity” requirement would not limit the patent holder’s rights against direct infringers under Section 271(a), Section 271(b) reflects Congress’s understanding that it is often impractical or impossible to enforce those rights against all direct infringers. Cf. *Aro II*, 377 U.S. at 511 (plurality opinion) (explaining that the purpose of Section 271(c) “is essentially, as was stated in the earlier versions of the bill that became [Section] 271(c), ‘to provide for the protection of patent rights where enforcement against direct infringers is impracticable’”) (quoting H.R. 5988, 80th Cong., 2d Sess. 1 (1948); H.R. 3866, 81st Cong., 1st Sess. 1 (1949)); *ibid.* (noting testimony of Giles Rich that “[t]here may be twenty or thirty percent of all the patents that are granted that cannot practically be enforced against direct infringers”); *Metro-Goldwyn-Mayer Studios Inc. v. Grokster, Ltd.*, 545 U.S. 913, 929-930 (2005) (explaining that principles of secondary liability serve an analogous purpose in copyright cases). The decision below may substantially undermine that function by engrafting onto Section 271(b) an additional scienter requirement that is difficult to satisfy and is not justified by the Patent Act’s text and structure.

b. This case is an appropriate vehicle for considering whether a good-faith belief in invalidity is a defense to inducement liability. The legal issue is cleanly presented, and there appear to be no obstacles preventing this Court from reaching it.

To be sure, the Federal Circuit’s “belief in invalidity” holding is only one of two grounds on which the court concluded that Cisco is entitled to a new trial on

inducement. The other ground is that the jury instructions on inducement were incorrect, and Commil has challenged that holding in its second question presented. For the reasons discussed below, further review of that issue is not warranted. Even if that holding remains intact, however, and a new trial is therefore necessary, the parties have a substantial interest in correct resolution of the first question presented, since reversal of the Federal’s Circuit’s holding on that question would prevent Cisco from raising a “good-faith belief in invalidity” defense on retrial.⁴

B. Commil’s Challenge To The Federal Circuit’s Interpretation Of The Jury Instructions Does Not Warrant This Court’s Review

Petitioner also challenges (Pet. 20-30) the court of appeals’ holding that the jury instructions given by the district court in the partial retrial were inconsistent with *Global-Tech*. That issue does not warrant this Court’s review.

1. a. The second trial in this case took place before the Court’s decision in *Global-Tech*. At that trial, the district court instructed the jury that it could hold Cisco liable for inducement only if it found that Cisco “actually intended to cause the acts that constitute direct infringement and that Cisco knew or should

⁴ If another retrial occurs, Cisco will have additional available arguments, including that Commil “failed to prove the direct infringement predicate for its induced infringement claim.” Pet. App. 32a. Although Cisco pressed that argument before the Federal Circuit, the court did not resolve it. The likelihood that Cisco will assert additional, independent defenses on remand does not render the question presented here less worthy of this Court’s review.

have known that its actions would induce actual infringement.” Pet. App. 238a-239a. The instructions also stated that Cisco could not be liable if it “was not aware of the existence of the patent.” *Id.* at 239a. The Federal Circuit held that, insofar as that instruction permitted Cisco to be held liable if it “should have known” that the induced acts were infringing, that instruction was inconsistent with *Global-Tech*, which the court of appeals construed as holding that “induced infringement ‘requires knowledge that the induced acts constitute patent infringement.’” *Id.* at 7a (quoting 131 S. Ct. at 2068).

In its Federal Circuit brief, Commil conceded that *Global-Tech* held that Section 271(b) requires “knowledge that the induced acts constitute patent infringement,” but argued that the instructions as a whole were consistent with that standard. Commil C.A. Br. 42. In Commil’s view, the instructions simply permitted the jury to find that Cisco knew of the infringing nature of the acts based on “circumstantial evidence,” including evidence that Cisco should have known that the acts were infringing. *Id.* at 40. The court of appeals rejected Commil’s characterization of the jury instructions. The court concluded that, rather than “merely allow[ing] the jury to find knowledge based upon circumstantial evidence,” the instructions as a whole “plainly * * * allow[ed] the jury to find [Cisco] liable based on mere negligence where knowledge is required.” Pet. App. 8a.

b. In this Court, Commil does not challenge the Federal Circuit’s understanding of the legal rule announced in *Global-Tech*. Rather, Commil agrees with the Federal Circuit that, under *Global-Tech*, “induced infringement * * * requires knowledge that the in-

duced acts constitute patent infringement.” Pet. 24 (quoting 131 S. Ct. 2067-2068). Commil thus renews its argument that the jury instructions as a whole were consistent with that understanding of *Global-Tech* because they permitted the jury to infer from circumstantial evidence that Cisco knew the induced conduct was infringing. Pet. 30; see Pet. 23 n.3 (arguing that evidence that Cisco “should have known that its actions would induce actual infringement” gave rise to an inference that Cisco actually “knew of the infringement”).

Commil thus raises a case-specific challenge to the court of appeals’ interpretation of the particular instructions given in this case. The court’s assessment of the ultimate import of the jury instructions is unlikely to have implications beyond this case, and it does not warrant this Court’s review.

2. a. Although Commil does not challenge the court of appeals’ decision on this basis, the question whether the jury instruction was appropriate implicates the question whether Section 271(b) requires knowledge that the induced conduct actually constituted infringement. If Section 271(b) simply requires knowledge of the patent’s existence, alone or in combination with knowledge that the patentee views the induced conduct as infringing, then the Federal Circuit’s analysis of the instructions was based on an erroneous premise.

Plausible arguments can be made in support of either interpretation. Construing Section 271(b) to require knowledge of actual infringement would reflect a more straightforward reading of the statutory text. Section 271(b) provides that the inducer must “actively induce[] infringement.” 35 U.S.C. 271(b).

Given *Global-Tech*'s holding that Section 271(b) requires *some* form of scienter, beyond the intent to induce the acts that are ultimately found to be infringing, it would be natural to construe the reference to "infringement" to require knowledge that the induced conduct actually practices the patent.

On the other hand, in concluding that Section 271(b) requires (at least) knowledge of the patent, the *Global-Tech* Court did not undertake an independent assessment of Section 271(b)'s text, history, and purposes. Instead, the Court held that *Aro II*'s construction of Section 271(c), which defines contributory infringement, "resolved the question" of the mens rea required by Section 271(b). *Global-Tech*, 131 S. Ct. at 2067. The Court in *Aro II* found Section 271(c)'s scienter requirement to be satisfied by evidence that the defendant had knowledge of the patent in question, as well as knowledge that the *patentee* believed the underlying activities to be infringing. 377 U.S. at 488-490; see pp. 8-9, *supra*. Since (as the Court subsequently held in *Global-Tech*) Section 271(b) and (c) impose equivalent scienter requirements, *Aro II* implies that, at least so long as the defendant is aware of the patent and of plausible allegations that the induced conduct is infringing, he can be held liable under Section 271(b) even if he believes in good faith that the induced conduct does not practice the patent.

Considerations of patent policy support that construction of Section 271(b). If Section 271(b) requires only knowledge of the patent, combined perhaps with knowledge that the patentee views the induced acts as infringing, a patentee can provide the potential inducer with that knowledge. Once the inducer knows about the patent and the patentee's view of its scope,

he can order his conduct accordingly, *e.g.*, by modifying his product, maintaining his present course, or (if an actual controversy exists) seeking a judicial ruling to clarify his rights, see *MedImmune, Inc. v. Genentech, Inc.*, 549 U.S. 118, 127-128 (2007). If he continues to engage in conduct that may induce infringement, he may reasonably be expected to bear the risk of an inducement suit.

By contrast, if Section 271(b) also requires proof that the alleged inducer subjectively believed that the induced conduct was infringing, the patentee will never be able to confer the requisite knowledge on the inducer. Even when the induced conduct is ultimately found to be infringing, inducers will often be able to identify plausible, good-faith bases for questioning that conclusion, and it will be difficult for the patentee to prove that the defendant's belief was not genuine. See, *e.g.*, *Bettcher Indus., Inc. v. Bunzl USA, Inc.*, 661 F.3d 629, 648-649 (Fed. Cir. 2011) (attorney's oral opinion that plaintiff would not prevail in an infringement suit was admissible evidence of defendant's good-faith belief in non-infringement). Like the "good-faith belief in invalidity" defense that is directly at issue in this case, a "good-faith belief in non-infringement" defense would render Section 271(b) substantially less effective in preventing and redressing violations of the patent holder's exclusive rights. Cf. pp. 14-15, *supra*.

b. The question whether Section 271(b) requires knowledge that the induced conduct is actually infringing is an important one that would warrant this Court's review in an appropriate case. Here, however, Commil has not defended the jury instructions on the ground that knowledge of actual infringement is un-

necessary, but instead agrees with Cisco and the court of appeals that Section 271(b) requires such knowledge. Pet. 24; accord Br. in Opp. 14; Pet. App. 9a. Because the argument that Section 271(b) does not require knowledge of actual infringement was not “presented to or passed on by the lower courts,” and is not being “urged by either party in this Court,” *Bell v. Wolfish*, 441 U.S. 520, 531 n.13 (1979), this case is not a suitable vehicle to consider the question.

II. THE PETITION IN NO. 13-1044 SHOULD BE DENIED

Cisco contends (13-1044 Pet. 8-9) that, if this Court grants review to consider the Federal Circuit’s inducement holding, the Court should also consider whether the “partial retrial ordered by the district court and the second partial retrial resulting from the Federal Circuit’s remand” (13-1044 Pet. 16) are consistent with the Seventh Amendment. That question does not warrant the Court’s review.

The court of appeals correctly recognized that the Seventh Amendment prohibits a partial retrial “unless it clearly appears that the issue to be retried is so distinct and separable from the others that a trial of it alone may be had without injustice.” Pet. App. 17a (quoting *Gasoline Prods. Co. v. Champlin Ref. Co.*, 283 U.S. 494, 500 (1931)); see Fed. R. Civ. P. 59(a)(1)(A). The court further recognized that a partial retrial is inappropriate if the issues to be retried are “so interwoven” with other issues in the case that retrial of the former alone will cause “confusion and uncertainty.” Pet. App. 18a (quoting *Gasoline Prods.*, 283 U.S. at 500).

The court of appeals also correctly concluded that, as a general matter, the question whether the defendant has induced infringement is “distinct and separa-

ble” from the question whether the patent is invalid. Pet. App. 18a. In a partial retrial, the jury would be able to determine whether Cisco has induced infringement without re-deciding any of the issues that the first jury resolved in assessing the validity of the patent. Even if this Court affirms the Federal Circuit’s ruling and Cisco is permitted to assert that it had a good-faith belief in invalidity, the jury would be able to consider evidence relating to that issue without revisiting the first jury’s conclusions as to the patent’s actual validity. *Id.* at 20a; cf. *Gasoline Prods.*, 283 U.S. at 500-501 (concluding that issue of damages for breach of contract was not separable from issue of breach itself, where jury considering damages might have to re-ascertain some of the facts underlying first jury’s breach verdict). And if this Court holds (as we argue above) that Cisco’s purported good-faith belief in invalidity is *not* relevant in determining liability under Section 271(b), Cisco’s *Gasoline Products* argument will be substantially undercut. See 13-1044 Pet. 16-19 (arguing that question of good-faith belief in invalidity is closely intertwined with question of actual validity).

As Cisco observes (13-1044 Pet. 10), the court below at times articulated the Seventh Amendment standard in a way that deviates from the formulation used in *Gasoline Products*. The court concluded its opinion by stating that a partial retrial would not “constitute a clear and indisputable infringement of the constitutional right to a fair trial.” Pet. App. 20a. That formulation, which the court appears to have inadvertently borrowed from the mandamus context, see *id.* at 18a (citing a mandamus case, *Bankers Life & Cas. Co. v. Holland*, 346 U.S. 379, 384 (1953)), would

seem to permit a partial retrial more readily than the *Gasoline Products* standard.

Nevertheless, this Court's review is not warranted. The Federal Circuit correctly identified *Gasoline Products* as providing the appropriate legal standard, and it correctly stated that standard at the outset of its analysis. Pet. App. 17a-18a. There is no indication that the court, in referring to the mandamus standard, intended to establish a new standard for reviewing the grant of a partial retrial. Nor does it appear that the court's erroneous statement affected the outcome, as the court correctly concluded that the issues of inducement and invalidity are not intertwined. The decision therefore does not squarely conflict with other circuit-court decisions that have simply restated the *Gasoline Products* standard without modification. But cf. 13-1044 Pet. 21.

Finally, the underlying equities counsel against using this case as a vehicle for revisiting the circumstances in which a partial retrial is appropriate. The court of appeals found "ample evidence" to conclude that Cisco's local counsel had engaged in misconduct involving prejudicial and "irrelevant references to ethnicity and religion." Pet. App. 17a. Cisco does not challenge that conclusion, and it does not deny that a retrial is appropriate. Rather, Cisco seeks to expand the scope of the retrial in order to relitigate the validity issue on which Commil previously prevailed. That would effectively reward Cisco for its counsel's misconduct by affording Cisco a second chance to convince a jury that the patent is invalid.

CONCLUSION

The petition for a writ of certiorari in No. 13-896 should be granted, limited to the first question presented. The conditional cross-petition for a writ of certiorari in No. 13-1044 should be denied.

Respectfully submitted.

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