

ALERT

Federal Circuit Patent Bulletin: *Life Techs. Corp. v. Promega*

February 23, 2017

"We do not today define how close to 'all' of the components 'a substantial portion' must be. We hold only that one component does not constitute 'all or a substantial portion' of a multicomponent invention under § 271(f)(1)."

On February 22, 2017, in *Life Techs. Corp. v. Promega*, the U.S. Supreme Court reversed and remanded the U.S. Court of Appeals for the Federal Circuit judgment that had reversed the district court's judgment as a matter of law that Life Technologies did not infringe U.S. Reissue Patent No. RE 37,984 (Tautz patent), which related to *Taq* polymerase genetic testing kits used in forensic identification and by clinical and research institutions around the world. Life Technologies manufactured in the United Kingdom all but one of the kit components, *Taq* polymerase, which Life Technologies manufactured in the United States and shipped to the United Kingdom where it was combined with the other four components of the kit. The Court stated:

The threshold determination to be made is whether § 271(f)(2)'s requirement of "a substantial portion" of the components of a patented invention refers to a quantitative or qualitative measurement. Life Technologies and the United States argue that the text of § 271(f)(1) establishes a quantitative threshold, and that the threshold must be greater than one. Promega defends the Federal Circuit's reading of the statute, arguing that a "substantial portion" of the components includes a single component if that component is sufficiently important to the invention. We look first to the text of the statute. The Patent Act itself does not define the term "substantial," and so we turn to its ordinary meaning. Here we find little help. All agree the term is ambiguous and, taken in isolation, might refer to an important portion or to a large portion. "Substantial," as it is

Authors

Lawrence M. Sung
Partner
202.719.4181
lsung@wiley.law
Neal Seth
Partner
202.719.4179
nseth@wiley.law

commonly understood, may refer either to qualitative importance or to quantitatively large size. The context in which “substantial” appears in the statute, however, points to a quantitative meaning here. Its neighboring terms are the first clue. “[A] word is given more precise content by the neighboring words with which it is associated.” Both “all” and “portion” convey a quantitative meaning. “All” means the entire quantity, without reference to relative importance. “Portion” likewise refers to some quantity less than all. Conversely, there is nothing in the neighboring text to ground a qualitative interpretation.

Moreover, the phrase “substantial portion” is modified by “of the components of a patented invention.” It is the supply of all or a substantial portion “of the components” of a patented invention that triggers liability for infringement. But if “substantial” has a qualitative meaning, then the more natural way to write the opening clause of the provision would be to not reference “the components” at all. Instead, the opening clause of § 271(f)(1) could have triggered liability for the supply of “all or a substantial portion of . . . a patented invention, where [its] components are uncombined in whole or in part.” A qualitative reading would render the phrase “of the components” unnecessary the first time it is used in § 271(f)(1). Whenever possible, however, we should favor an interpretation that gives meaning to each statutory provision. Only the quantitative approach does so here. Thus, “substantial,” in the context of § 271(f)(1), is most reasonably read to connote a quantitative measure.

Promega argues that a quantitative approach is too narrow, and invites the Court to instead adopt a “case-specific approach” that would require a factfinder to decipher whether the components at issue are a “substantial portion” under either a qualitative or quantitative test. We decline to do so. Having determined the phrase “substantial portion” is ambiguous, our task is to resolve that ambiguity, not to compound it by tasking juries across the Nation with interpreting the meaning of the statute on an ad hoc basis. As a more general matter, moreover, we cannot accept Promega’s suggestion that the Court adopt a different analytical framework entirely—one that accounts for both the quantitative and qualitative aspects of the components. Promega reads § 271(f)(1) to mean that the answer to whether a given portion of the components is “substantial” depends not only on the number of components involved but also on their qualitative importance to the invention overall. At first blush, there is some appeal to the idea that, in close cases, a subjective analysis of the qualitative importance of a component may help determine whether it is a “substantial portion” of the components of a patent. But, for the reasons discussed above, the statute’s structure provides little support for a qualitative interpretation of the term. Nor would considering the qualitative importance of a component necessarily help resolve close cases. To the contrary, it might just as easily complicate the factfinder’s review. Surely a great many components of an invention (if not every component) are important. Few inventions, including the one at issue here, would function at all without any one of their components. Indeed, Promega has not identified any component covered by the Tautz patent that would not satisfy Promega’s “importance” litmus test. How are courts—or, for that matter, market participants attempting to avoid liability—to determine the relative importance of the components of an invention? Neither Promega nor the Federal Circuit offers an easy way to make this decision. Accordingly, we conclude that a quantitative interpretation hews most closely to the text of the statute and provides an administrable construction.

Having determined that the term “substantial portion” refers to a quantitative measurement, we must next decide whether, as a matter of law, a single component can ever constitute a “substantial portion” so as to trigger liability under § 271(f)(1). The answer is no. As before, we begin with the text of the statute. Section 271(f)(1) consistently refers to “components” in the plural. The section is targeted toward the supply of all or a substantial portion “of the components,” where “such components” are uncombined, in a manner that actively induces the combination of “such components” outside the United States. Text specifying a substantial portion of “components,” plural, indicates that multiple components constitute the substantial portion. The structure of § 271(f) reinforces this reading. . . . Reading § 271(f)(1) to refer to more than one component allows the two provisions to work in tandem. Whereas § 271(f)(1) refers to “components,” plural, § 271(f)(2) refers to “any component,” singular. And, whereas § 271(f)(1) speaks to whether the components supplied by a party constitute a substantial portion of the components, § 271(f)(2) speaks to whether a party has supplied “any” noncommodity component “especially made or especially adapted for use in the invention.”

We do not disagree with the Federal Circuit’s observation that the two provisions concern different scenarios. As this Court has previously observed, §§ 271(f)(1) and 271(f)(2) “differ, among other things, on the quantity of components that must be ‘supplie[d] . . . from the United States’ for liability to attach.” But we do not draw the Federal Circuit’s conclusion from these different but related provisions. Reading § 271(f)(1) to cover any single component would not only leave little room for § 271(f)(2), but would also undermine § 271(f)(2)’s express reference to a single component “especially made or especially adapted for use in the invention.” Our conclusion that § 271(f)(1) prohibits the supply of components, plural, gives each subsection its unique application. Taken alone, § 271(f)(1)’s reference to “components” might plausibly be read to encompass “component” in the singular. But § 271(f)’s text, context, and structure leave us to conclude that when Congress said “components,” plural, it meant plural, and when it said “component,” singular, it meant singular.

We do not today define how close to “all” of the components “a substantial portion” must be. We hold only that one component does not constitute “all or a substantial portion” of a multicomponent invention under § 271(f)(1). This is all that is required to resolve the question presented. . . . We hold that the phrase “substantial portion” in 35 U. S. C. § 271(f)(1) has a quantitative, not a qualitative, meaning. We hold further that § 271(f)(1) does not cover the supply of a single component of a multicomponent invention. The judgment of the Court of Appeals for the Federal Circuit is therefore reversed, and the case is remanded for further proceedings consistent with this opinion.