Life Techs. Corp. v. Promega Corp.

137 S. Ct. 734 (2017)

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BACKGROUND

Respondent Promega Corp. ("Promega") was the exclusive licensee of the Tautz patent (U.S. Reissue Patent No. RE 37,984) and sublicensed it to petitioner Life Technologies Corp. and its subsidiaries ("Life Techs."). Life Techs. was permitted to manufacture and sell the kits in the Tautz patent for use in specific "licensed law enforcement fields".[1] The Tautz patent included a toolkit for genetic testing: it took samples of genetic material, specifically nucleotide sequences that make up the molecule deoxyribonucleic acid ("DNA"), and synthesized multiple copies of that specific nucleotide sequence through a process of copying (known as amplification), which generates DNA profiles to be used by law enforcement agencies for forensic identification. The parties stipulated that the kit covered in the Tautz patent contained five components: "(1) a mixture of primers that mark the part of the DNA strand to be copied; (2) nucleotides for forming replicated strands of DNA; (3) an enzyme known as *Taq* polymerase; (4) a buffer solution for the amplification; and (5) control DNA."[2]

Promega sued Life Techs. four years into their agreement for patent infringement liability under Patent Act of 1952 §271(f)(1). Respondent alleged that Life Techs. sold kits outside the licensed fields of use, to clinical and research markets instead of law enforcement. The basis of the suit stemmed from the *Taq* polymerase, which was manufactured in the United States, while the other four components were manufactured in the United Kingdom. Once manufactured, the *Taq* polymerase was shipped to the United Kingdom and combined with the other components.

"At trial, the parties disputed the scope of §271(f)(1)'s prohibition against supplying all or a substantial portion of the components of a patented invention from the United States for combination abroad."[3] The jury returned a verdict in favor of Promega, stating that Life Techs. had willfully infringed on the patent, but Life Techs. moved for judgment as a matter law and the District Court granted it. The District Court held that the single *Taq*

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1. Life Techs. Corp. v. Promega Corp., 137 S. Ct. 734, 738 (2017).
2. *Id*.
3. *Id*.

polymerase component supplied from the United States did not meet the phrase "all or a substantial portion" for a multicomponent invention.[4]

Respondent appealed and the Federal Circuit reversed and reinstated the jury's finding. The court held that a single important component could encompass a "substantial portion" of a multicomponent invention, and according to expert opinion the *Taq* polymerase was a main component of the kits. The Court further relied on defining "substantial" as important or essential.

The Supreme Court of the United States granted certiorari to determine whether a single component in a multicomponent invention manufactured abroad could cause a party to be held liable for infringement under §271(f)(1).

ISSUE

Does the Patent Act of 1952 §271(f)(1) allow a supplier of a single component in a multicomponent-patented invention to be held liable for infringement when the component is manufactured in the United States and combined with the other components abroad?

DECISION

The Supreme Court held that a single component does not constitute a substantial portion of the components in a multicomponent invention that may give rise to liability under §271(f)(1). The Court stated that a "substantial portion" of components refers to quantitative measurement. The court reversed and remanded the case for further proceedings consistent with their decision.

REASONING

To determine whether a supplier of a single component in a multicomponent patented invention is liable for infringement when the component is manufactured in the United States and assembled with other components abroad, the Court first needed to determine whether a "substantial portion" refers to quantitative or qualitative measurement.[5]

Life Techs. and the United States argued for a quantitative measurement, while Promega argued for the Federal Circuit's definition of a qualitative measurement, or more specifically, that a single component is substantial if it is sufficiently important to the patented invention. The Court first realized that the Patent Act does not define substantial at all, requiring it to look to its ordinary meaning and in the context of the statute. According to the ordinary meaning, substantial is ambiguous and can refer to either important in portion or a large portion. The ambiguities of the ordinary

4. *Id*. at 742.

5. 35 U.S.C. § 271(f)(1) (2010).

definition did not help the Court, so looking to the context of the statute was the next step.

In looking at the context, the Court considered the words "all," "portion," and "substantial portion." "All" means the entire quantity with no regard to relative importance, and "portion" is "some quantity less than all."[6] "Substantial portion" is modified by "of the components of a patented invention"[7] and this important language is where the liability in §271(f)(1) stems from. If the Court followed Promega's argument of the qualitative meaning of substantial, then the statute would be written a different way. Furthermore, using a qualitative reading would render portions of the statute unnecessary. The Court ends its interpretation with reference to precedent in *Hibbs v. Winn*, 542 U.S. 88 (2004) that "whenever possible . . . [the Court] should favor an interpretation that gives meaning to each statutory provision."[8] If interpreting the statute in one way would change or render some portions of a statute unnecessary, then the Court should not support that interpretation.

Promega also argued that the quantitative approach was too narrow and the Court should adopt a case-specific approach, one requiring the fact finder to decide whether the components at issue are substantial under either a qualitative or quantitative test.[9] The Court rejected this approach, since determining the ambiguity of the phrase "substantial portion" is what needed to be resolved, instead of "compounding" the issue by asking all courts to look at the statute on an *ad hoc* basis.[10] The statute does not support interpreting substantial as qualitative and quantitative, and even considering qualitative importance does not help resolve close call cases.

Finding that substantial equates to a quantitative measurement, the next question before the Court was whether a single component could ever be a substantial portion that causes liability under §271(f)(1). The Court once again looked to the text of the statute first, finding that components are referred to in the plural, indicating that multiple components are needed to constitute a substantial portion. The structure of the statute reinforces this interpretation: if §271(f)(1) covered only single component, then §271(f)(2) would be undermined in its express reference to a single component. Thus, the Court noted that the reading section 1, as dealing with plural components, allows each section its exclusive application.

The Court urges that legislative history supports the overall conclusion as well. Congress enacted §271(f) in response to *Deepsouth Packing Co. v. Laitram Corp.*, 406 U.S. 518 (1972), where the Court held that there was no infringement to make or use a patented product outside the United States. The new §271(f) expanded infringement to include supplying from the

6. *Life Techs.*, 137 S. Ct. at 740.
7. *Id*.
8. *Id*.
9. *Id*.
10. *Id*.

United States a patented invention's components and allowed patent protection for components manufactured in the United States and assembled abroad.

In the current case, a product with all but one component made abroad is outside the scope of the statute.