

## Publication

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### Client Alert: Federal Circuit Court Affirms Inducement of Patent Claims Found Invalid by PTAB

While direct patent infringement is a strict liability offense, liability for inducing another's infringement requires an element of intent. Specifically, the party accused of inducement must have known of the patent and that the actions it encouraged would result in infringement. An allegation of infringement by inducement typically relates to situations where the method claims of a patent are practiced by the purchaser of a product rather than the defendant who offers the product. It is well-settled that a good faith belief in the actions being encouraged will not infringe the known patent is a defense to inducement. It is equally well settled that a belief the known patent is *invalid* is not a defense to inducement. *See Commil USA, LLC v. Cisco Sys., Inc.*, 575 U.S. 632, 642-645 (2015).

The Federal Circuit Court of Appeals recently issued a precedential opinion reaffirming the position rule set forth in *Commil*, and expanding it in a way worthy of taking notice. In a case captioned *United Therapeutics Corp. v. Liquidia Techs., Inc.*, the appellate court affirmed a finding of inducement, even though the patent claims were found to be invalid by the administrative Patent Trial and Appeals Board (PTAB). The defendant had not just relied on a belief of invalidity, but rather on a ruling of invalidity. At the trial court level, the defendant had offered the PTAB ruling as a defense to inducement, arguing that one cannot infringe an invalid patent, thus,

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the requisite intent was lacking. The trial court disagreed and the defendant appealed, arguing clear error.

But no error was found. Instead, the appellate court noted that a PTAB “decision does not have collateral estoppel effect until that decision is affirmed or the parties waive their appeal rights.” It further held that a “pending, non-final litigation does not negate an intent to infringe that is otherwise supported by the evidence.” Instead of simply finding a lack of clear error, the appellate court went further by stating that the PTAB invalidity decision “has no impact on a finding of induced infringement.” Notably, that PTAB decision is presently the subject of a separate appeal before the same court.

Aggressive plaintiffs may seek to expand the logic of *United Therapeutics* to an appealable or appealed invalidity decision of a district court. The case serves as a reminder to be cautious and wait until an invalidity decision is affirmed or unappealable before relying on it to take actions that might heighten the risk of induced infringement allegations, even where patent claims have been found invalid at the trial court or administrative level. This lack of finality is often overlooked by media and laypersons excited that a blocking patent has been overturned, but the appeal process can drag on for a year or more following an invalidity determination. As always, it is best to consult with counsel when contemplating actions that might result in infringement.

Should you have any questions regarding patent validity, or other intellectual property matters, do not hesitate to reach out to Mike Turner, or your NGE attorney.

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