IP Alert | Court's First Impression: Product of Patented Process Practiced Abroad

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The U.S. Court of Appeals for the Federal Circuit recently construed section 271(g) of the patent statute, defining a type of infringement, in a case of first impression. Syngenta Crop Protection, LLC v. Willowood, LLC (2018-1614, 2018-2044) (Dec. 18, 2019).[1] In general, the statute prohibits importation into the United States of a product made abroad by a process that is patented in the U.S.

Syngenta appealed the legal conclusion of the U.S. District Court for the Middle District of North Carolina that section 271(g) requires each step of a patented process to be performed by or controlled by a single entity for infringement liability to attach. The Federal Circuit reviewed this question of statutory interpretation de novo.

Syngenta owns U.S. Patent 5,847,138 ('138 patent), which is directed to a two-step process for manufacturing azoxystrobin, a fungicide commonly used in agriculture to control fungal growth on crops.[2] Syngenta sued four Willowood corporate entities for patent infringement over their alleged marketing and sales in the U.S. of azoxystrobin and fungicide products containing azoxystrobin.

The district court found that azoxystrobin was manufactured in China using the process claimed in the '138 patent. But it denied summary judgment because it construed section 271(g) as requiring that a single entity perform all steps of a process, and found a genuine dispute of material fact as to whether both steps were performed by Willowood's supplier and whether Willowood directed or controlled multiple parties to practice different steps of the process. The district court's construction of section 271(g) relied on the Federal Circuit's construction of section 271(a) in Akamai Technologies, Inc. v. Limelight Networks, Inc., 797 F. 3d 1020 (Fed. Cir. 2015).[3]

After the district court denied summary judgment of infringement of the '138 patent, the issue was pursued in a seven-day jury trial. The jury found that Syngenta failed to prove that a single party performed or controlled both steps of the claimed process.

Section 271(g) was first enacted in the Process Patents Amendments Act of 1987. It provides in relevant part that "[w]hoever without authority imports into the United States or 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."

Syngenta asserted that the district court's interpretation of the statute is contrary to its plain meaning and contrary to the intent of Congress as discernible in the legislative history. The Federal Circuit panel hearing the Syngenta appeal consisted of Circuit Judges Jimmie Reyna, Richard Taranto, and Kara Stoll. The panel's analysis focused on the section's proscribed acts (offer to sell, sell, or use) and the object of those acts (a product). The liability for infringement defined in section 271(g), the court noted, does not arise out of practicing the process abroad. Therefore, how many parties are involved in the practice is immaterial, the court concluded.

The panel reasoned that adoption of the single-entity requirement from section 271(a) was improper because the acts constituting infringement are different. Section 271(a) proscribes making, using, offering to sell, selling, or importing any patented invention, whereas section 271(g) proscribes using, offering to sell, selling, or importing a product. The single-entity rule, the court stated, is necessary for section (a) but inapplicable to section (g). Section (a) prohibits using a process, but section (g) does not. Section (a) prohibits making a product, but section (g) does not.

Willowood asserted that the Supreme Court's application of the single-entity rule to both direct infringement under section (a) and to indirect infringement under section (b) of section 271[4] in Limelight[5] mandates its application to section (g) as well. Willowood reasoned that section (g) merely defines another form of direct infringement. The panel distinguished section (b)'s inducement to infringe, which is predicated on an underlying direct infringement of a patented process, from section (g), which is not so predicated. Section (g), it stated, is predicated not on practicing a patented process abroad, but by acts performed in the U.S. on the product of a patented process.

The panel also noted that Congress did not use in section (g) the language it used in section (f) dealing with other acts outside the U.S. It did not state in section (g) that the process needs to be practiced "in a manner that would infringe the patent if" done within the U.S. The panel concluded that Congress knew how to express the concept of "infringement" but for practice outside the U.S., but did not do so in section (g).

The Syngenta panel was careful to explain that by refraining from applying the single-entity rule to section (g), it was not making acts abroad infringements that would not be infringements if practiced domestically, as Willow asserted. Rather, it was focusing on the domestic activities that the statute explicitly prohibits.

The panel found support for its interpretation in other sections of Title 35. It pointed to the limitation on available damages in section 287(b) that refers to "knowledge before the infringement" that a patented process was used to make the product. This reinforces the panel's interpretation of section 271(g) that the infringing acts occur after the product has been made, i.e., after the patented process has been used. Who — or how many entities —used the patented process is

immaterial to the infringing acts. Similarly, section 287(b) limits damages for infringement under section 271(g) if the manufacturer is unknown. Such a limit would be inconsistent with a requirement to prove that manufacture was by a single entity.

Additionally, the panel called attention to the rebuttable presumption in section 295 that shifts the burden to the accused infringer to prove that the patented process was not used in the manufacture of the accused infringing product. The concern motivating section 295, that it would be too difficult for patent owners to get evidence of the manufacturing process in another country, would also apply to a requirement to prove a single entity practiced the patented process.

The panel looked to the legislative history and found it consistent with its interpretation of the statute. The legislative history talks of manufacturing abroad and "subsequent importation into the United States of products made by the patented process." It also clarifies that section 271(g) is not attempting to prevent practice of a patented process abroad, particularly when the patentee has not obtained protection in that foreign jurisdiction.

Providing a textbook example of claim construction, the panel relied on the plain language of section 271(g) — supported by context of the section within the statute and the legislative history — to interpret the statutory section as not requiring a single-entity manufacturer or a single-entity controller. Concluding that the single entity required for direct infringement under section 271(a) does not apply to section 271(g), the panel reversed the district court's judgment that Willowood did not infringe the '138 patent.

Click here to view the court's opinion in Syngenta Crop Protection, LLC v. Willowood, LLC.

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[1] There were other issues and other patents involved in the suit. This article discusses only section 271(g).

[2] Syngenta also owns U.S. Patent 8,124,761, directed to using a particular catalyst (DABCO) to manufacture azoxystrobin. Infringement of the '761 patent did not depend on the construction of section 271(g).

[3] Section 271(a) states: (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.

[4] Section 271(b) states: Whoever actively induces infringement of a patent shall be liable as an infringer.

[5] Limelight Networks, Inc., v. Akamai Technologies, Inc. 572 US 915, 921-22 (2014)

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