

## Limiting Extraterritorial Reach of U.S. Patents: "Substantial" Means More than One

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Last week, the Supreme Court provided much-needed clarity to U.S. companies concerned about their potential liability for supplying a single component of a multicomponent invention abroad. The Court's decision in *Life Technologies v. Promega* limited the extraterritorial reach of U.S. patent law and established a quantitative test for determining liability under Section 271(f)(1).

Section 271(f)(1) provides that a party is liable as an infringer for supplying "all or a substantial portion of the components of a patented invention" for combination abroad. In the decision below, the Federal Circuit defined "substantial" to mean "important" or essential." Under this qualitative test, the export of a single component could give rise to liability for infringement of a U.S. patent, as long as that component was sufficiently important to the overall invention.

Life Technologies manufactured DNA testing kits under a license from Promega. The company shipped Taq polymerase enzyme from the United States to be combined with the other four components of the patented genetic testing kits. The Federal Circuit held that the shipment of this single component was an infringing act under § 271(f)(1) as the kits could not be assembled without the enzyme.

The Supreme Court criticized this holding on the grounds that a qualitative test would be difficult for courts to administer and unpredictable for "market participants attempting to avoid liability." As the Court noted, "few inventions, including the one at issue here, would function at all without any one of their components." The Court instead interpreted a "substantial portion of the components" to require a quantitative measure, and, in a rare instance, established a bright-line rule: the export of a single component of a patented multi-component invention can never create liability under § 271(f)(1).

While exporters of single staple articles can breathe a sigh of relief, questions remain as to the exact boundaries of § 271(f)(1). The Supreme Court declined to address what proportion of components constitute "a substantial portion of components." Until the lower courts weigh in on this question, suppliers will continue to face uncertainty when they ship multiple components of a patented invention from the U.S. for assembly abroad.

The *Promega* decision is the first of two cases this Term considering the extraterritorial reach of U.S. patent law. *Impressions Products v. Lexmark* is set for argument on March 21, 2017. In that case, petitioner asks the Court to reverse well-established judicial doctrine that the authorized sale of a patented product outside of the United States does not exhaust the patent owner's U.S. rights.

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