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In an *en banc* decision announced August 19, 2009 (*Cardiac Pacemakers, Inc. v. St. Jude Medical, Inc.*), the Federal Circuit has limited the extraterritorial reach of U.S. patents by holding that 35 U.S.C. §271(f) does not apply to method claims. This decision reversed an earlier panel decision and also overturned the Federal Circuit's 2005 decision in *Union Carbide v. Shell Oil Co.*

The relevant infringement statute states, in part, that "whoever without authority supplies . . . from the United States any component of a patented invention that is especially made or especially adapted for use in the invention . . . and intending that such component will be combined outside of the United States in a manner that would infringe the patent if such combination occurred within the United States, shall be liable as an infringer." 35 U.S.C. §271(f)(2).

Cardiac Pacemakers had asserted its claimed method of heart stimulation using an implantable heart stimulator against St. Jude Medical, which had been exporting devices that were used to practice the claimed method overseas. The district court and, initially, the Federal Circuit, had found that Section 271(f) did apply to method claims and thus ruled in favor of the patent owner.

Although Section 271(f) uses the general term "patented invention," which might be considered to extend the statute to all classes of inventions including methods, the Federal Circuit interpreted the term in light of other language of Section 271 and its legislative history to exclude patent claims directed to methods. According to the court, the term, "component" must be a physical component capable of being "supplied." The court noted that the "components" of a process claim are the steps of that process, not the material or apparatus used in the process, and concluded that an exporter of a device to be used in a claimed method is not supplying a component of the patented process. Further, the court observed that any ambiguity as to Congress' intent in enacting Section 271(f) should be resolved by the presumption against extraterritoriality, taking note of the Supreme Court's narrow view of Section 271(f) in its 2007 decision, *Microsoft Corp. v. AT&T Corp.*

The Federal Circuit majority in *Cardiac Pacemakers* recognized that the Supreme Court stated in *Quanta Computer, Inc. v. LG Electronics, Inc.*, that "[a]pparatus and method claims may approach each other so nearly that it will be difficult to distinguish the process from the function of the apparatus." The Federal Circuit refused to expand this thinking to the Section 271(f) context, however, noting that the statements made in *Quanta* pertained to the doctrine of patent exhaustion, which in effect precludes imposition of a second royalty when a royalty-paying licensee includes the licensed invention in its product (regardless of whether the licensed invention is a method or apparatus). In any event, the majority concluded that the "Supreme Court's statement in an exhaustion context has no application here." It seems, however, that a recognition by the Supreme Court that a process and a specialized function of an apparatus for use in that process are sometimes difficult to distinguish is of key importance to a determination of whether the sale of a specialized apparatus would be considered the contribution of a component of a patented process. Perhaps the Supreme Court or even Congress will address the validity of the Federal Circuit's distinction.

In the meantime, there are implications of this decision for U.S. exporters. On one hand, they now have more freedom to sell products overseas without fear of infringing U.S. method patents. It also means that U.S. developers of technology that can only be fully protected through method claims should consider an increase in foreign patent filings for their processes. This case has particular significance on the sales of medical devices used in medical procedures, which are not patentable in many non-U.S. jurisdictions.