

CASE LAW UPDATE

November 21, 2005

CASE	Union Carbide Chemicals & Plastics Technology Corporation v. Shell Oil Company (Fed. Cir. October 3, 2005)
MAIN ISSUE(S)	Are damages under 35 U.S.C. § 271(f) available for process claims?
EXECUTIVE SUMMARY	Section 271(f) applies to process claims. Section 271(f) imposes liability for patent infringement against a company which exports from the United States "any component of a patented invention" that is especially made for use in an invention claimed by a U.S. patent. The reference to a "component" had led some courts to conclude that this provision does not apply to process claims, but this Court concludes it does.
KEY TERM(S)	Export; process claim; contributory infringement; 35 U.S.C. § 271(f)

PROCEDURAL POSTURE	Union Carbide sued Shell in 1999 in the U.S. District Court for the District of Delaware for patent infringement of three patents. After a jury verdict in favor of Union Carbide, Shell appealed to the Court of Appeals for the Federal Circuit, which remanded the holding regarding claim 4 of U.S. Patent No. 4,916,243 ("the '243 patent"). A second jury trial was held on the remanded issues, and that resulted in a finding that Shell directly infringed claim 4 in the production of ethylene oxide (EO) and also contributorily infringed claim 4 by selling its catalysts to third parties. While the damages awarded amounted to over \$150 million, they did not account for Shell's exportation of catalysts because the district court ruled Section 271(f) does not extend to process claims. Both parties appealed -- Shell appealed the district court's decision on liability and Union Carbide appealed the Court's ruling that Section 271(f) does not apply to process claims.
FACTS	Claim 4 of the '243 patent is directed to a process for producing ethylene oxide which uses a catalyst containing silver, cesium, and lithium in amounts providing a synergistic efficiency as compared with silver and only one of these two alkali metals. Shell practiced the process itself in the United States, and therefore was deemed to be a direct infringer. It also sold catalysts to companies who produced ethylene oxide both within and outside the United States.
HOLDING	The Federal Circuit <u>REVERSED</u> the district court's ruling excluding Shell's exportation of catalysts in its damages calculations and remanded for a new damages calculation.
COURT'S REASONING	The Court, citing <i>Eolas Techs. v. Microsoft Corp.</i> , 399 F.3d 1325 (Fed. Cir. 2005), relied on the inclusive term "patented invention" in Section 271(f). The Court noted that the Patent Act defines the term "invention" to mean "invention or discovery" and again characterized that as "broad and inclusive terminology." The Court noted that the statute makes no distinction between patents claiming processes as opposed to other forms of inventions. The Court also relied on the factual similarity between this case and <i>Eolas Techs.</i> In <i>Eolas Techs.</i> , Microsoft exported a master computer disc which caused a computer to perform various method steps claimed in a U.S. patent owned by Eolas Techs. Although the Court did not expressly refer to Section 271(f)(1), which is analogous to 271(f)(2) but is directed to acts of inducement, the Court did not expressly limit its holding to Section 271(f)(2).
PANEL	Mayer, Rader, and Prost