Patent Litigation and Counseling

A Framework for Analyzing Articles that Infringe Under Section 337

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Section 337, the statute governing unfair trade practice investigations at the United States International Trade Commission (ITC), makes it unlawful to import into the United States, to sell for importation into the United States, or to sell after importation "articles that . . . infringe" a valid and enforceable United States patent. 19 U.S.C. § 1337(a)(1)(B)(i). The question of whether imported components of an infringing product constitute "articles that infringe" has been the subject of numerous Commission and Federal Circuit opinions. Recently, in *The Matter of Certain High-Density Fiber Optic Equipment and Components Thereof* (337-TA-1194)(*Fiber Optic Equipment*), the Commission reiterated its position that the statutory phrase "articles that infringe" can cover components that are combined with other domestically produced components after importation to directly infringe, if the respondent induces others to commit the infringing act. Further, Chair Jason Kearns offered an additional framework for use in future investigations involving a respondent that uses the component after importation to directly infringe the patent.

In *Fiber Optic Equipment*, the complainant, Corning Optical Communications, LLC, claimed respondents were infringing patents related to fiber optic modules and chassis used in data centers. Respondents asserted that the importation of components that were only a part of the alleged infringing product could not constitute a section 337 violation because the imported components alone were not "articles that infringe" within the meaning of section 337(a)(1)(B). Specifically, the respondents argued that the importation of components constituting only a part of the alleged infringing product assembled in the United States did not satisfy the importation requirement, and any ruling to the contrary would be an improper expansion of the Commission's jurisdiction.

The Federal Circuit had previously addressed this question in its 2015 *en banc* decision in *Suprema, Inc. v. International Trade Commission*, 796 F.3d 1338 (Fed. Cir. 2015) (*en banc*). In *Suprema*, the Federal Circuit held that goods qualify as "articles that infringe" when they are used after importation to directly infringe a patented method, if the seller is found to have induced that infringement. *Suprema*, 796 F.3d at 1345. The Federal Circuit held the phrase "articles that infringe" has "textual uncertainty" because 35 U.S.C. § 271, which defines the term "infringe," refers to *actions* that infringe, while section 337 refers to *articles* that infringe. *Suprema*, 796 F.3d at 1346-47. Nevertheless, the Federal Circuit found, "Induced infringement is one kind of infringement, and when it is accomplished by supplying an article, the article supplied can be an 'article that infringes' if the other requirements of inducement are met." Although the use of the imported product in *Suprema* by itself did not practice the asserted method claim, its combination after importation with domestically developed software to directly infringe the asserted claims was sufficient to establish that the imported products constituted "articles that infringe." *Id*. at 1349, 1352-53.

Five years later, in *Comcast Corp. v. Int'l Trade Comm'n*, 951 F.3d 1301 (Fed. Cir. 2020), the Federal Circuit upheld the Commission's determination that a respondent can be liable under Section 337 if it induces infringement by importing a component of an infringing product and supplying that component to customers with instructions to use the imported component to directly infringe. 951 F.3d at 1308.

In the *Fiber Optics Equipment* Investigation, the Commission, relying on *Suprema* and *Comcast*, found the respondents' imported components were "articles that infringe" under the statute because they

were combined in the United States to directly infringe one or more of the asserted patents and because respondents induced that combination. The Commission rejected respondents' attempt to distinguish the case from *Suprema* and other Commission precedent by asserting that the components in those earlier cases were "the primary article" used in the asserted claims. The Commission found that neither Federal Circuit nor Commission precedent set forth a "primary" or "quintessential" legal requirement for the imported article.

Although the violation in the *Fiber Optic Equipment* investigation was based on the finding of induced infringement, Chair Kearns set forth his additional views on the issue of whether imported components can be "articles that infringe" where respondent domestically used the imported component to directly infringe the United States patent. And, he set forth a framework that he expects the Commission to apply in future investigations faced with that question. Taking guidance from the Federal Circuit's *Suprema* decision, the Commission's broad enforcement authority, and ITC precedent applying the "nexus" test (*see, e.g. Certain Cardiac Pacemakers and Components Thereof*, Inv. No. 337-TA-162, 1984 WL 273827, Order No. 37 (Mar. 21, 1984)), Chair Kearns set forth a four-factor test to address the question in future investigations of whether an imported article is sufficiently related to the infringement to qualify as an "article that …infringe[s]". These four factors are: (1) whether the article is a material part of the invention, (2) whether it is especially designed and/or configured for use in an infringing manner, (3) whether it is a staple article and the extent to which it has non-infringing uses, and (4) the extent to which it is modified or combined with other articles after importation. Future investigations will flesh out how this framework is applied.

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