



Case Digest:

Cardiac Pacemaker v. St. Jude, No. 07 – 1296 (Fed. Cir. Aug 19, 2009) (en banc)

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On August 19, 2009, an *en banc* panel of the Federal Circuit concluded that 35 U.S.C. § 271(f) does not apply to method patents.¹ The majority reasoned that it is not possible to “supply” method claim components within the meaning of 35 U.S.C. § 271(f) because the “components” of method claims are typically the method’s intangible steps.² The decision in *Cardiac Pacemaker v. St. Jude* overrules a contrary decision in *Union Carbide Chemicals & Plastics Technology Corp. v. Shell Oil Co.*, 425 F.3d 1366 (Fed Cir. 2005).³

Background on 35 U.S.C. § 271(f)

Under 35 U.S.C. § 271(f), infringement liability may be imposed on anyone supplying “components” of a patented invention “in such a manner as to actively induce the combination of such components [or intending that such components will be combined] outside the United States in a manner that would infringe the patent if such combination occurred within the United States....”⁴ Congress originally enacted 35 U.S.C. § 271(f) to close a loophole in the U.S. patent laws created by the landmark case of *Deepsouth Packing Co., Inc. v. Laitram Corp.*⁵ In *Deepsouth*, the Supreme Court held that foreign assembly of a patented invention’s components did not constitute patent infringement because “it is not an infringement to make or use a patented product outside of the United States.”⁶ Troubled by the reasoning in *Deepsouth*, “which interpreted patent law not to make it infringement where the final assembly and sale is abroad,”⁷ Congress enacted Section 271(f) – thereby broadening the scope of patent infringement to include the supply of a patented invention’s components for assembly abroad.

Background of *Cardiac Pacemaker*

Cardiac originally sued St. Jude in November of 1996, claiming that St. Jude was infringing several Cardiac patents for implantable cardioverter defibrillators (“ICDs”). A “complicated and protracted”⁸ litigation followed, wherein a jury verdict was issued in favor of Cardiac and quickly overturned by several post verdict decisions that were, themselves, overturned on appeal to the Federal Circuit. Finally, the issue of § 271(f) came up on remand, when the district court denied St. Jude’s motion to limit infringement damages to U.S. sales because: “according to Federal Circuit case law regarding 35 U.S.C. § 271(f), Cardiac’s potential damages included the sale of infringing devices supplied from the United States to other countries.”⁹

Relying on the Federal Circuit opinion in *Union Carbide*, the district court “found that 35 U.S.C. § 271(f) applied to method claims and that St. Jude’s shipment of ICDs abroad could result in a violation of that section.”¹⁰ On appeal, a three judge panel of the Federal Circuit affirmed, though not before noting that: “[a]s a panel, we cannot reverse the holding of another panel of this court.”¹¹ Seeing the writing on the wall, St. Jude subsequently filed a petition for rehearing, *en banc*, which the Federal Circuit granted in order to determine whether § 271(f) should apply to method claims.

Method Claims under Section 271(f)

Section 271(f) was previously thought to apply to all “patented inventions,” including process and method claims. Indeed, in a 2006 decision: *Union Carbide v. Shell Oil*, a panel of the

Federal Circuit explicitly held that § 271(f) applied to method claims.¹² However, in 2007 the United States Supreme Court reversed two § 271(f) decisions that were decided by the Federal Circuit before *Union Carbide*. While the Supreme Court “reserved judgment on whether an intangible method or process . . . qualifies as a ‘patented invention’ under § 271(f),”¹³ the Federal Circuit had no trouble reading the writing on the wall.

Method Claims out of Section 271(f)

St. Jude’s petition for rehearing *en banc* gave the Federal Circuit the opportunity it needed to reconsider the scope of § 271(f). Focusing first on the plain language of the statute, the court noted that § 271(f) liability requires the “supply” of “components” of a patented invention. The court reasoned that while “a component of a tangible product, device, or apparatus is a tangible part of the product, device, or apparatus,”¹⁴ where the patented invention is a process or method claim, “[t]he components of the process are the steps of the process.”¹⁵ Thus, the court concluded that while method patents may indeed have components, “the [components] are not the physical components used in performance of the method,”¹⁶ but rather “the steps that comprise the method.”¹⁷ However, such steps are typically intangible and, with regards to the “supply” requirement of § 271(f), the Federal Circuit found that “[s]upplying an intangible step is . . . a physical impossibility.”¹⁸ Thus, the court held that “because one cannot supply the step of a method, Section 271(f) cannot apply to method or process patents.”¹⁹

Newman Dissent

In a dissenting opinion, Judge Newman predicted that “[t]he new loophole here created under §271(f) will outshine the simple evasion that led Congress . . . to the carefully written texts of [Section 271(f)].”²⁰ The dissent laments that “[t]he court’s ruling reopens, for process inventions, the loophole that was plugged by § 271(f) for all patented inventions.”²¹ Looking at the language of the statute, Newman notes that “Section 271(f) draws no distinction between process and product inventions, and such distinction is unrelated to the legislative purpose.”²² Furthermore, “[t]he *en banc* court . . . does not discuss the consequences of today’s holding in negating the legislative purpose.”²³ Newman insists: “[i]t cannot be that the legislators intended to enable avoidance of process patents . . .”²⁴ – such a statutory interpretation “is not free of the charge of ‘absurd result.’”²⁵

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¹ *Cardiac Pacemaker v. St. Jude*, No. 07 – 1296, slip op. at 29 (Fed. Cir. Aug 19, 2009) (en banc).

² *Id.* at 27 (“because one cannot supply the step of a method, Section 271(f) cannot apply to method or process patents”).

³ *Id.* at 29 (“[w]e therefore overrule, to the extent that it conflicts with our holding today, our decision in *Union Carbide Chemicals & Plastics Technology Corp. v. Shell Oil Co.*, 425 F.3d 1366 (Fed. Cir. 2005) . . .”).

⁴ 35 U.S.C. § 271(f)(1). *See also* 35 U.S.C. § 271(f)(2).

⁵ *Deepsouth Packing Co., Inc. v. Laitram Corp.*, 406 U.S. 518 (1972).

⁶ *Cardiac Pacemaker*, slip op. at 18 (quoting *Deepsouth Packing Co.* at 527, 531).

⁷ *Cardiac Pacemaker*, slip op. at 18 (quoting Patent Law Amendments of 1984, S. Rep. No. 98-663, pp 2-3 (1984)).

⁸ *See Cardiac Pacemaker*, slip op. at 4 (“[t]he litigation history of this case is complicated and protracted . . .”).

⁹ *Id.* at 8.

¹⁰ *Cardiac Pacemaker*, slip op. at 17.

¹¹ *Cardiac Pacemaker v. St. Jude Medical*, No. 07 - 1296, slip op. at 16 (Fed. Cir. Dec 18, 2008), *rev’d en banc*, No. 07 – 1296 (Fed. Cir. Aug 19, 2009).

¹² *See Union Carbide Chemicals & Plastics Technology Corp. v. Shell Oil Co.*, 425 F.3d 1366 (Fed Cir. 2005)

¹³ *Cardiac Pacemaker*, slip op. at 22 (quoting *Microsoft Corp. v. AT&T Corp.*, 550 U.S. 437, n.13 (2007)).

¹⁴ *Id.* at 23.

¹⁵ *Id.* at 26.

¹⁶ *Id.* at 25.

¹⁷ *Id.* at 25.

¹⁸ *Id.* at 26.

¹⁹ *Id.* at 27.

²⁰ *Id.* (Newman, dissenting) at 7.

²¹ *Id.* (Newman, dissenting) at 16.

²² *Id.* at 16.

²³ *Id.* at 17.

²⁴ *Id.* at 15.

²⁵ *Id.* at 15.