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International Trade Commission Proceedings

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ITC Declines to Take a Position on Contributory Infringement and Laches Issues

The International Trade Commission (ITC) issued the public version of its Opinion in *Certain Lithium Metal Oxide Cathode Materials, Lithium-Ion Batteries For Power Tool Products Containing Same, And Power Tool Products With Lithium-Ion Batteries Containing Same*, Inv. No. 337-TA-951. The ITC determined not to provide guidance on whether a good faith belief of non-infringement is a defense to contributory infringement and whether *laches* is a viable defense in Section 337 proceedings.

Facts of the Case

On February 29, 2016, the Administrative Law Judge (ALJ) issued his ID finding a violation of Section 337 based on the importation of products that infringe US Patent Nos. 6,677,082 and 6,680,143. The ALJ found that the respondents, Umicore N.V. and Umicore USA, Inc., did not induce infringement because there was insufficient evidence of specific intent to infringe. However, with respect to contributory infringement, the ALJ held that intent is presumed because the accused products did not have any substantial non-infringing uses. On the defense of *laches*, the ALJ found that, given the prospective relief

available in the ITC, a *laches* defense fails as a matter of law in Section 337 investigations. The ALJ further held that even if *laches* was a viable defense, that the facts in the case did not merit a finding of *laches*. On May 11, 2016, in response to the parties' various petitions for review, the Commission requested briefing on the viability of a *laches* defense in Section 337 proceedings and whether a good faith belief negates a finding of contributory infringement where the accused products have no substantial non-infringing uses. The Commission also granted a request to hear oral arguments concerning the issues on review—the first time the Commission has done so since 2007.

In its Opinion on review, the Commission determined to (1) affirm the ALJ's determination that Respondents contributorily infringe the asserted patents; (2) reverse the ALJ's finding that Respondents do not induce infringement because the record evidence fails to support that Respondents had a good faith belief of non-infringement; and (3) to affirm the ALJ's finding that Respondents' *laches* defense fails on the merits.

With respect to contributory infringement, the Commission determined to take no position on the overarching legal question of whether a good faith belief of non-infringement rebuts a *prima facie* showing of infringement under 35 U.S.C. § 271(c). [Opinion at 20.] The Commission noted that “[r]egardless of whether, as a legal matter, a good faith belief in non-infringement rebuts a *prima facie*

showing of contributory infringement, the Commission finds that the record evidence does not support the ID's findings that Umicore had established a sufficient good-faith belief of non-infringement, as discussed further below with respect to induced infringement.” [Id.]

On the issue of *laches*, consistent with another recent opinion, the Commission determined to take no opinion on the applicability of the defense in the ITC. The Commission explained that it was waiting for the Supreme Court's pending review of *SCA Hygiene Products Aktiebolag v. First Quality Baby Products, LLC* [807 F.3d 1311, (Fed. Cir. 2015) (en banc) (holding that prospective relief is subject to a *laches* defense); Opinion at 15-16.]

While the Commission determined not to provide guidance on these issues, Commissioner Kieff wrote separately. In two footnotes, Commissioner Kieff provided his position that (1) the *laches* holding in *SCA Hygiene* does not bind the ITC because it has a different statutory framework, and (2) that, under existing law, a good faith belief of non-infringement is not, in and of itself, a full defense to or a safe harbor from liability for contributory infringement under 271(c). [Opinion at 16, n.13; 20, n.16.]

Conclusion

Courts historically have favored incremental decisionmaking, often refusing to reach issues that need not be addressed on the specific facts of a case. The ITC took that approach here with respect to *laches* and contributory infringement. While the Supreme Court likely will opine in the coming months on the applicability of *laches* to prospective injunctive relief in *SCA Hygiene*, Commissioner Kieff's comments leave open whether the ITC will be bound by that decision. Furthermore, ITC litigants will have to wait for guidance on whether

a good faith belief of non-infringement rebuts a showing of contributory infringement under 35 U.S.C. § 271(c).

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