

CONTRARY TO THE COURTS, U.S. PATENT LAW DOES HAVE EXTRA-TERRITORIAL EFFECT IN KEEPING WITH CONGRESSIONAL INTENT

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I. INTRODUCTION

The United States Supreme Court consistently holds that the rights of a U.S. patent holder “do not, and were not intended to, operate beyond the limits of the United States.”¹ Although revisions to the Patent Act² began to erode this maxim,³ it remains a common misstatement in the legal community because the courts continually⁴ minimize the legislative impact of 35 U.S.C. § 271(f) and (g), which Congress added to the Patent Act in 1984.⁵ These provisions explicitly extend the liability for infringement even when the act occurs outside of the United States.⁶ The tendency of the courts, however, is to refer to *Deepsouth*, where the U.S. Supreme Court, in dicta, stated that enforceability of U.S. patent laws stops at the U.S. border.⁷ The problem is that, at the time of *Deepsouth*, the Patent Act did not explicitly address extraterritoriality.⁸ Since then, Congress made some very direct changes in response to *Deepsouth*,⁹ but the Court continues to minimize its extension and even its existence.¹⁰

1. Timothy A. Cook, *Courts as Diplomats: Encouraging an International Patent Enforcement Treaty Through Extraterritorial Constructions of the Patent Act*, 97 Va. L. Rev. 1181, 1181 (2011)[hereinafter *Courts as Diplomats*] (quoting *Brown v. Duchesne*, 60 U.S. (19 How.) 183, 195 (1856)) (discussing the increased need for the courts to recognize U.S. patent law’s extraterritorial reach).

2. See 35 U.S.C.A. § 101 (West 2012). See also Leahy-Smith America Invents Act, Pub. L. No. 112-29, 125 Stat. 284 (2011) (effective Sept. 16, 2012) (to be codified at 35 U.S.C. § 257) (significantly reformed the U.S. patent system).

3. See 35 U.S.C.A. § 271(f)–(g) (West 2012).

4. See, e.g., *Hughes Aircraft Co. v. United States*, 29 Fed. Cl. 197, 230-31 (1993); *Pellegrini v. Analog Devices, Inc.*, 375 F.3d 1113, 1116 (Fed. Cir. 2004); *NTP, Inc. v. Research in Motion, Ltd.*, 418 F.3d 1282, 1319 (Fed. Cir. 2005).

5. 35 U.S.C. § 271(f)-(g)(1984); see also, e.g., *Aircraft Co. v. United States*, 29 Fed. Cl. 197, 230-231 (1993).

6. See 35 U.S.C.A. § 271.

7. See *Deepsouth Packing Co. v. Laitram Corp.*, 406 U.S. 518, 531 (1972). In dicta, the U.S. Supreme Court explicitly stated that the U.S. patent system had no extraterritorial effect and that Congress did not intend this law to operate beyond the limits of the United States. *Id.* The Court commented that because Congress did not explicitly give this statute extraterritorial reach, Congress must have intended the patent holder to seek relief “abroad through patents secured in countries where [the] goods are actually used.” *Id.* The Court seems more preoccupied, however, with the need to limit monopolies, see *id.* at 530, rather than “promoting the Progress of Science and useful Arts by securing for limited Times to Authors and Inventors the exclusive Right to their respective Writings and Discoveries.” *Id.* at 534 (Blackmun, J., dissenting) (quoting *Laitram Corp. v. DeepSouth Packing Co.*, 443 F.2d 936, 939 (1971), *rev’d*, 406 U.S. 518 (1972)).

8. *Courts as Diplomats*, *supra* note 1, at 1189, 1200–01 (discussing the U.S. Supreme Court’s historical approach to extraterritorial patent rights).

9. *Id.* at 1190.

10. See, e.g., *Hughes Aircraft Co. v. United States*, 29 Fed. Cl. 197, 230-31 (1993). In *Hughes*, the court follows the reasoning in *Deepsouth* to determine that § 1498 did not

The purpose of this note is to highlight the misstatements of the courts, which continue to foster inaccurate opinions and then give examples of the proper wording that will maximize both the agenda of the court and the intent of Congress when they added parts (f) and (g) to § 271. This note has five parts. Part I discusses what encompasses patent law and the impact of increased globalization. It also goes into detail about the development of the Patent Act, as it exists today. Part II discusses how the courts interpreted the changes in the Patent Act in respect to different patent types including combination, method, and process patents. Part III shows in detail the inaccuracies of the courts with several decisions overstating the territorial limitations of U.S. patent law, when, in fact, there are several exceptions to this general rule, and it does have extraterritorial reach. This part also discusses the impact of these misstatements in both current and future opinions. This note also goes into detail about two seminal cases affecting patent litigation as well as analyzes a more recent decision regarding the impact of § 271(f) in reference to EEZ.¹¹ Part IV discusses Congress's intent in enacting § 271(f) and how courts warped the intent with their application and interpretation of the statute. The final part of this comment illustrates proper examples of accurate language that most courts likely intended to use. It also discusses the Congressional need to update 35 U.S.C. § 271(f) to salvage its initial intent.

II. WHY IS PATENT LAW IMPORTANT AND HOW IS IT GOVERNED?

A. *What is Patent Law?*

Before Congress codified the Patent Act in 1952, common law governed patents.¹² Congress, however, enacted the Patent Act of 1952 to “carry out the Constitutional provision vesting Congress with the powers to ‘secure for limited times to authors and inventors the exclusive right to their respective writings and discoveries.’”¹³ A patent allows for a “monopoly”¹⁴ and is an

have extraterritorial reach stating “[U.S.] laws have no extraterritorial effect . . .”; thus, completely ignoring any implications made by 35 U.S.C. § 271(f) and (g). *See id.*

11. The Exclusive Economic Zone (“EEZ”) lies just offshore of U.S. territories. *See generally* WesternGeco L.L.C. v. Ion Geophysical Corp., No. 4: 09-CV-1827, 2011 WL 3608382, at *5 (S.D. Tex. Aug. 16, 2011). The United States possesses a certain degree of control over the EEZ in “a bundle of sovereign rights and jurisdiction [permitted by international law] related to economic exploitation, scientific exploration, and natural resource development of natural resources.” *Id.* at *7.

12. *See* NTP, Inc. v. Research in Motion, Ltd., 418 F.3d 1282, 1319 (Fed. Cir. 2005).

13. WesternGeco, 2011 WL 3608382, at *10 (quoting U.S. Const. art. I, § 8, cl. 8).

exception to the general rule against monopolies.¹⁵ “The far-reaching social and economic consequences of a patent, therefore, give the public a paramount interest in seeing that patent monopolies spring from backgrounds free from fraud or other inequitable conduct”¹⁶

While U.S. patent law strives to protect the rights of U.S. patent holders,¹⁷ “it is a general rule . . . that no infringement occurs when a patented product is made and sold in another country.”¹⁸ The exception to this rule, however, lies in § 271(f)(1) of the Patent Act and states that “infringement does occur when one ‘supplies . . . from the United States,’ for ‘combination’ abroad, a patented invention’s ‘components.’”¹⁹ This portion of the Patent Act most frequently upset the courts and, as a result, their decisions tend to reflect an inaccurate summation of the extraterritorial reach of U.S. patent law.²⁰

B. *Why is Patent Law Important?*

Patents provide limited protection within the territorial boundaries of a specific country.²¹ Patents are important because they provide “the right to exclude others [in that specific country] from making, using, offering for sale, selling, or importing a new, useful, and non-obvious invention.”²² Individual countries usually govern the laws protecting patents. As the global market increases daily, the need for more than just territorial protection is necessary.²³ Congress recognized the impact of an increasingly global economy when it chose to reform § 271 to add parts (f) and (g).²⁴

14. *Id.*

15. *Id.* When Congress amended § 271 to include part (f), it “provide[d] a larger incentive for innovators by granting a broad monopoly right that extend[ed] beyond merely protecting their invention when the patented invention [was] made, used, sold, or offered for sale in the United States.” Lauren Shuttlesworth, *Is 35 U.S.C. § 271(f) Keeping Pace with the Times?: The Law After the Federal Circuit’s Cardiac Pacemakers Decision*, 29 J.L. & Com. 117, 134 (2010) [hereinafter *Keeping Pace*].

16. *WesternGeco*, 2011 WL 3608382, at *10 (quoting *Precision Instrument Mfg. Co. v. Auto. Maint. Mach. Co.*, 324 U.S. 806, 816 (1945)).

17. *See id.*

18. *Microsoft Corp. v. AT&T Corp.*, 550 U.S. 437, 441 (2007).

19. *Id.* (quoting 35 U.S.C. § 271(f)(1)(2003)).

20. *See Hughes Aircraft Co. v. United States*, 29 Fed. Cl. 197, 230-31 (1993).

21. *See id.* at 118.

22. *Keeping Pace*, *supra* note 14, at 117-18 (discussing the limitations the court imposed on the extraterritorial reach of U.S. patent law with the *Cardiac Pacemakers* decision).

23. *See id.*

24. *See Bayer AG v. Housey Pharm., Inc.*, 340 F.3d 1367, 1374-76 (Fed. Cir. 2003). The court in *Bayer* references the congressional reports in which Congress states in part

“[T]he importance of protecting ideas has only grown with globalization.”²⁵

Today, components of a product often travel around the world before they make it to their final destination.²⁶ Infringers may manufacture components in one part of the world, ship them to a different location for assembly, and then possibly to another location for the sale.²⁷ The increasing interdependence of the global economy²⁸ is an important reason for the courts to acknowledge Congress’s intent in extending extraterritorial reach to U.S. patent law.²⁹

The amendments to § 271 in 1984³⁰ and their implications are important tools American businesses need to consider when deciding how and where to manufacture and sell goods. American businesses are increasingly more global and these businesses have to be aware of the U.S. laws governing patent infringement.³¹ Additionally, the courts’ misstatements could lead to a false sense of security, causing businesses to make decisions that could lead to liability for infringement.³²

Infringement occurs when a party “without authority makes, uses, or sells any patented invention.”³³ Infringement is a question of fact, and is for a jury to decide³⁴ once the court construes the claims as a matter of law.³⁵ Generally, for a finding of infringement, a jury must compare a plaintiff’s claims to the accused device and the plaintiff must demonstrate that each claim of infringement is in the accused product or process.³⁶

that the policy limiting infringement as it existed when the Court decided *Deepsouth* was inadequate because it ignored the reality that the offending act is the importation of a product made through a process protected within the United States. *Id.* at 1375. Congress goes on to state that, consequently, “the unfettered ability of others to import, sell or use a product made by the patented process, severely diminishes the value of a U.S. process patent.” *Id.* at 1376 (quoting H.R. Rep. No. 100-60, at 3 (1987)).

25. *Courts as Diplomats*, *supra* note 1, at 1181.

26. *Keeping Pace*, *supra* note 14, at 117.

27. *See id.*

28. *See id.* at 118.

29. *See* *WesternGeco*, No. 4:09-cv-1827, 2011 WL 3608382, at *10.

30. Patent Law Amendments Act of 1984, Pub. L. No. 98-622, 98 Stat. 3383 (1984).

31. *See* Michael Porter, *Creating Shared Value*, HARV. BUS. REV. (Jan. 2011), available at <http://hbr.org/2011/01/the-big-idea-creating-shared-value>.

32. *See Keeping Pace*, *supra* note 14, at 123.

33. 35 U.S.C.A. § 271(a) (West 2012).

34. *Sw. Software Inc. v. Harlequin Inc.*, 226 F.3d 1280, 1290 (Fed. Cir. 2000)(citing *Optical Disc Corp. v. Del Mar Avionics*, 208 F.3d 1324, 1333-34 (Fed. Cir. 2000)).

35. *Rothschild v. Ford Motor Co.*, 2 F.Supp.2d 941, 947 (E.D. Mich. 1998).

36. *See id.*

When the person held liable for the infringement performed the acts [themselves], then the acts are direct infringement.³⁷ Patent law normally limits direct infringement to acts occurring within the United States,³⁸ but under § 271(f) liability for infringement extends beyond the territories of the United States.³⁹ “[I]nfringement does occur when one ‘supplies . . . from the United States’ for ‘combination’ abroad, a patented invention’s ‘components.’”⁴⁰

C. *What Law Governs Patents?*

Before Congress codified U.S. patent law in § 271(a), common law governed it.⁴¹ Congress initially designed it to operate primarily within the limits of the U.S. territories;⁴² however, Congress added parts (f) and (g) to expand the extraterritorial⁴³ reach of U.S. patent law.⁴⁴ Part (f) was a direct response to *Deepsouth*⁴⁵ and part (g) was “designed to provide new remedies to supplement existing remedies available from the International Trade Commission.”⁴⁶

U.S. courts, however, held fast to the notion that U.S. patent laws only apply territorially.⁴⁷ The courts demonstrated this with their insistence that Congress must clearly legislate any contrary intent; otherwise, the court operates under the presumption of territoriality.⁴⁸

37. Timothy R. Holbrook, *Territoriality Waning? Patent Infringement for Offering in the United States to Sell an Invention Abroad*, 37 U.C. DAVIS L. REV. 701, 719 (2004) [hereinafter *Territoriality Waning?*] (discussing the international scope of U.S. patent law).

38. *Id.* at 717.

39. *See* 35 U.S.C.A. § 271(f)(1) (West 2012).

40. Microsoft Corp., 550 U.S. at 441 (citing 35 U.S.C. § 271 (f)(1) (2003)).

41. NTP, Inc., 418 F.3d at 1319.

42. *See Courts as Diplomats*, *supra* note 1, at 1200.

43. *Territoriality Waning?*, *supra* note 36, at 728 (quoting Jane C. Ginsburg, *Extraterritoriality and Multiterritoriality in Copyright Infringement*, 37 VA. J. INT'L L. 587,588 (1997) (“Extraterritoriality is typically defined as the ‘application of one country’s laws to events occurring outside that country’s borders.’”)).

44. *See Bayer*, 340 F.3d at 1373-74.

45. *Courts as Diplomats*, *supra* note 1, at 1190.

46. *Bayer*, 340 F.3d at 1373.

47. *Keeping Pace*, *supra* note 14, at 122. (citing Black’s Law Dictionary 1610 (9th ed. 2009) (“Territoriality is the principle that a nation has the right of sovereignty within its own borders.”)). Some scholars suggest that laws should only affect those within the states’ borders and that comity should discipline sovereign exercises of authority to respect the territorial effect of each state’s laws. *Keeping Pace*, *supra* note 14, at 122.

48. *Id.* *See also* Ken Hobday, *The Incredibly Ever-Shrinking Theory of Joint Infringement: Multi-Actor Method Claims*, 38 Cap. U. L. Rev. 137, 149 (2009) [hereinafter *Incredibly Ever Shrinking*](discussing the court’s reluctance to extend U.S. patent law extraterritorially).

Historically, American patent law failed to make unlawful the importation of goods made using an American process patent.⁴⁹ However, the House reports reflect that when Congress contemplated the changes that became part (g) of § 271, they acknowledged the shortcomings of having patent laws without extraterritorial reach.⁵⁰ Congress stated, “[The law under which *Deepsouth* was decided reflected an] inadequate public policy because it ignores the reality that the [infringing] act is the importation of a product made through . . . a [process protected in the United States].”⁵¹ The courts did not decide *Deepsouth* incorrectly, but highlighted a shortfall in the U.S. patent law. The Court directly, and correctly, charged Congress with the responsibility to amend § 271 if the result did not coincide with their intent.⁵²

Deepsouth involved two companies that produced shrimp deveining machines.⁵³ Laitram Corp., the Defendant, held a patent on a machine to devein shrimp cheaper and more efficiently than anything else available did at the time.⁵⁴

Deepsouth Packing Co. also had patents for machines to devein shrimp.⁵⁵ Neither party disputes that Laitram Corp. had the superior patent.⁵⁶ The problem did not arise, however, until Deepsouth began to manufacture the parts of Laitram Corp.’s machinery without its consent.⁵⁷ Deepsouth had the parts to the shrimp deveining machine made in the United States, sent overseas, assembled, and then sold.⁵⁸ Deepsouth shipped the machine in three separate containers that had only the parts of the machine inside.⁵⁹ The entire assembly of the 1¼-ton machine, however, took less than one hour.⁶⁰ The issue for the Court was whether American patent laws barred Deepsouth from exporting its deveiners, in less than fully assembled form, for use abroad.⁶¹

49. Bayer, 340 F.3d at 1375 (citing H.R. REP. No. 99-807, at 1-2 (1986)).

50. *See id.*

51. *Id.* (citing H.R. REP. No. 99-807, at 1-2 (1986)).

52. *Deepsouth*, 406 U.S. at 532. “Congress is in a far better position to draw the lines that must be drawn . . .” Bayer, 340 F.3d at 1377.

53. *Deepsouth*, 406 U.S. at 519.

54. *Id.*

55. *Id.* at 519.

56. *Id.*

57. *Id.*

58. *Deepsouth*, 406 U.S. at 518.

59. *Id.* at 524.

60. *Id.*

61. *Id.*

The U.S. Supreme Court held that U.S. patent law did not bar *Deepsouth* against such use.⁶² The Court reasoned that while Congress intended some of the patent law provisions to grant a patentee a monopoly, this monopoly was only over the United States.⁶³ The Court stated that Congress did not intend the patent laws to extend beyond the United States.⁶⁴ Therefore, there was no liability because in this case, *Deepsouth* made the patented product outside of the United States.⁶⁵

At the time, the Court decided *Deepsouth*, § 271 only had three parts.⁶⁶ Only § 271(b) had the potential to hold parties liable for actions outside the United States.⁶⁷ However, in *Deepsouth* the Supreme Court explicitly stated, “Our patent system makes no claim to extraterritorial effect; ‘these acts of Congress do not, and were not intended to, operate beyond the limits of the United States’”⁶⁸ This, however, is not an accurate portrayal of the current law, and U.S. patent law can reach beyond the territorial borders of the United States.⁶⁹

Because *Deepsouth* was such a seminal case that coincides with the judicial agenda of limiting U.S. patent law,⁷⁰ courts tend to use it to overstate the lack of extraterritorial effect of U.S.

62. *Id.* at 529.

63. *Id.* at 518.

64. *Id.*

65. *Id.* at 531-32.

66. *Deepsouth*, 406 U.S. at 522. The Court analyzed infringement under that statute, which at the time stated in part: “(a) Except as otherwise provided in this title, whoever without any authority makes, uses or sells any patented invention, within the United States during the term of the patent therefor, (directly) infringes the patent. (b) Whoever actively induces infringement of a patent shall be liable as an infringer. (c) Whoever sells a component of a patented machine, manufacture, combination or composition, or a material or apparatus for use in practicing a patented process, constituting a material part of the invention, knowing the same to be especially made or especially adapted for use in an infringement of such patent, and not a staple article or commodity of commerce suitable for substantial noninfringing use, shall be liable as a contributory infringer.” *Id.* (quoting 35 U.S.C. § 271 (1972), amended by Drug Price Competition and Patent Term Restoration Act of 1984, S. 1538, 98th Cong. (1984), Patent Law Amendments Act of 1984, H.R. 6286, 98th Cong. (1984)).

67. 35 U.S.C.A. § 271(b) (West 2012). This part of the statute does not limit the actions of the offender only to those occurring in the United States, but in the *Deepsouth* decision the court explicitly states that the laws as written in 1972 could not be said to extend extraterritorially. *Deepsouth*, 406 U.S. at 531. See also *Tr. of Columbia Univ. in N.Y.C. v. Roche Diagnostics*, 150 F.Supp.2d 191, 193 (D. Mass. 2001) (discussing whether § 271(b), which governs vicarious or induced liability for infringement, may hold a foreign company liable for its complicity in infringing activities of a domestic actor).

68. *Deepsouth*, 406 U.S. at 531 (quoting *Brown v. Duchesne*, 60 U.S. at 195).

69. See 35 U.S.C.A. § 271(f) (West 2012).

70. See *Keeping Pace*, *supra* note 14, at 119.

patent law.⁷¹ The reality is, however, that as a response to *Deepsouth*, Congress amended § 271 to include part (f)⁷², which states:

(1) Whoever without authority supplies or causes to be supplied in or from the United States all or a substantial portion of the components of a patented invention, where such components are uncombined in whole or in part, in such manner as to actively induce the combination of such components 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.⁷³

(2) Whoever without authority supplies or causes to be supplied in or from the United States any component of a patented invention that is especially made or especially adapted for use in the invention and not a staple article or commodity of commerce suitable for substantial noninfringing use, where such component is uncombined in whole or in part, knowing that such component is so made or adapted and intending that such components 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.⁷⁴

To provide even more extraterritorial protection, Congress went even further and added part (g) in 1988.⁷⁵ This part of the statute states:

71. See, e.g., *Pellegrini v. Analog Devices, Inc.*, 375 F.3d 1113, 1116 (Fed. Cir. 2004).

72. *Keeping Pace*, *supra* note 14, at 126. Congress legislatively overruled the U.S. Supreme Court's conclusion in *Deepsouth*, demonstrating a clear intent to legislate extraterritorially. Patent Law Amendments Act of 1984, H.R. 6286, 98th Cong. (1984) (codified as amended at 35 U.S.C. § 271(f) (2010)).

73. 35 U.S.C.A. § 271(f) (West 2012).

74. *Id.*

75. Act of Aug 23, 1988, Pub. L. No. 100-418, § 9003, 102 Stat. 1107, 1563-64 (1988). By adding provision (f) in 1984, the court effectively overruled *Deepsouth*. *Amstar Corp. v. Envirotech Corp.*, 823 F.2d 1538, 1546 (Fed. Cir. 1987). Part (g) of the statute extended liability to those that attempt to import goods to sell, to offer for sale, or otherwise use in the U.S. products produced by a process patented in the United States. See Act of Aug 23, 1988, Pub. L. No. 100-418, § 9003, 102 Stat. 1107, 1563-64 (1988). See also *Bayer*, 340 F.3d at 1373-74.

Whoever without authority imports into the United States or offers to sell, sells, or used within the United States a product which is made by a process patented in the Unites States shall be liable as an infringer, if the importation, offer to sell, sale, or use of the product occurs during the term of such process patent. In an action for infringement of a process patent, no remedy may be granted for infringement because of the importation or other use, offer to sell, or sale of that product. A product, which is made by a patented process, will, for purposes of this title, not be considered to be so made after—

- (1) it is materially changes by subsequent processes; or
- (2) it becomes a trivial and nonessential component of another product.⁷⁶

Prior to these changes, “a competitor could circumvent a U.S. patent that covered only the process of making a product, but not the product itself.”⁷⁷ These additions to § 271 are Congress’s response to this problem and “an attempt to reach some extraterritorial conduct” through the nexus of a domestic act.⁷⁸

D. *The Aftermath of Deepsouth*

The result in *Deepsouth* opened a significant loophole in American patent laws.⁷⁹ The patent law amendments of 1984 were undoubtedly a response to the Court’s narrow interpretation of the extraterritorial scope of the patent.⁸⁰

The legislative history also shows that Congress wanted to “prevent [infringers] from avoiding U.S. patents by supplying components of a patented product in this country so that the

76. Act of Aug 23, 1988, Pub. L. No. 100-418, § 9003, 102 Stat. 1107, 1563-64 (1988).

77. *Territoriality Waning?*, *supra* note 36, at 721.

78. *Id.* at 722.

79. *MIT v. Abacus Software*, No. 5:01CV344, 2004 WL 5268128, at *20 (E.D. Tex. Aug. 24, 2004).

80. *Courts as Diplomats*, *supra* note 1, at 1190. Judge Newman expressed that Congress enacted 35 U.S.C. § 271(f) because of the legislative need to close a loophole in patent law. *Id.* See also *Eolas Tech. Inc. v. Microsoft Corp.*, 399 F.3d 1325, 1340 (Fed. Cir. 2005) (“*Deepsouth* acknowledged that manufacturers of patented products could avoid liability for infringement under the then-existing law by manufacturing the unassembled components of those products in the United States and then shipping them outside the United States for assembly.”).

assembly of the components may be completed abroad.”⁸¹ Therefore, Congress intended to add the key language in § 271(f) that “makes it an infringement to supply components of a patented invention” for combination outside the United States.⁸² This is clearly extraterritorial reach of U.S. patent laws, even though U.S. patent law limits the application when the components are physically present in the United States and then sold or exported in a manner outside the United States that would infringe on the patent if such combination occurred within the United States.⁸³

The Court consistently demands congress provide a clear intent to extend extraterritoriality of any law, but especially one so embedded in the roots of our country such as the patent law.⁸⁴ Congress finally answered the Court’s demands in 1984,⁸⁵ but the Court continues to limit the meaning of the explicit words Congress legislates.⁸⁶

III. HOW DID THE COURTS INTERPRET THE CHANGE TO THE PATENT ACT?

The courts failed to articulate a consistent jurisprudence for assessing the extraterritorial reach of U.S. patent rights. In fact, applying U.S. patent law extraterritorially is generally ill-received because it fails to consider the policies and sovereignty of foreign countries.⁸⁷ While Congress did not intend to extend the full realm of patent rights extraterritorially,⁸⁸ Congress clearly intended to extend partial infringement liability extraterritorially⁸⁹ and, therefore, it is inaccurate for the courts to continue to state broadly that U.S. patent laws do not have extraterritorial reach.⁹⁰

81. *Bristol-Myers Squibb Co. v. Rhone-Poulenc Rorer Inc.*, No. 95 CIV. 8833, 2001 WL 1263299, at *4 (S.D.N.Y. Oct. 19, 2001).

82. *Bristol-Myers Squibb*, 2001 WL 1263299, at *4.

83. *Pellegrini*, 375 F.3d at 1117.

84. *See, e.g.*, *Microsoft Corp.*, 550 U.S. at 444.

85. *See* 35 U.S.C.A. § 271(f)-(g) (West 2012).

86. *See, e.g.*, *Hughes*, 29 Fed. Cl. at 230-231.

87. *See Courts as Diplomats*, *supra* note 1, at 1197.

88. *See id.* at 1190.

89. *See Bristol-Myers*, 2001 WL 1263299, at *4.

90. *See, e.g.*, *Hughes*, 29 Fed. Cl. at 230-31 (declining to extend application of U.S. patent laws to claims arising in outer space); *see also Pellegrini*, 375 F.3d. at 1116-17 (holding that U.S. patent laws do not apply to products manufactured outside United States and never physically present in U.S., despite the fact the company was U.S. based, sent instructions, and there was corporate oversight of the outside manufacturers).

The courts had an opportunity to apply and test the additions to the infringement statute § 271 to a variety of patents.

A. *Combination Patents*

Combination patents are protection for a certain combination of components; therefore, there is only infringement upon formation of the combination.⁹¹

A “combination patent covers only the totality of the elements” and not merely the production of the individual elements.⁹² Before *Deepsouth*, the court reviewed a claim for infringement for a combination patent, but the parts the defendant exported were unassembled.⁹³ The court held that the invention did not infringe on the patent because, while the components were in the United States, they were unassembled.⁹⁴ The changes in § 271 by adding part (f), however, did not extend blanket liability.⁹⁵ A significant number of the components still had to come from the United States and it could not merely be just one component.⁹⁶

Section 271(f)(1) necessarily requires more than one component to come from the United States even if it is an integral component.⁹⁷ If the goods never enter the United States, however, there is also no infringement.⁹⁸ It is also not sufficient to use the United States as a storehouse to establish infringement.⁹⁹ There must be some significant change to the

91. *Deepsouth*, 406 U.S. at 525.

92. *Aro Mfg. Co. v. Convertible Top Replacement Co.*, 365 U.S. 336, 344 (1961).

93. *Radio Corp. of Am. v. Andrea*, 90 F.2d 612, 613 (2d Cir. 1937).

94. *Id.*; *Hewitt-Robins Inc. v. Link-Belt Co.*, 371 F.2d 225, 229–31 (7th Cir. 1966); *see Cold Metal Process Co. v. United Eng'g & Foundry Co.*, 235 F.2d 224, 229–30 (3d Cir. 1956).

95. *See Courts as Diplomats*, *supra* note 1, at 1190.

96. *See, e.g., Bristol-Myers*, 2001 WL 1263299, at *4–5 (holding that there was no violation of § 271(f)(1) because only one component came from the United States).

97. *See id.* at *4; *see also Rothschild*, 2 F.Supp. 2d at 947 (holding that because the three components infringed were insufficient to comprise all or a substantial portion of the combination, then § 271(f) does not provide protection).

98. *See Rothschild*, 2 F.Supp. 2d at 946 (stating that there is no liability for infringement when the acts are wholly done in a foreign country; merely offering to supply is not infringement); *see also Rotec Indus., Inc. v. Mitsubishi Corp.*, 215 F.3d 1246, 1257 (Fed. Cir. 2000)(stating that § 271(f) does not provide protection when the infringer does not manufacture or assemble any of the components of the patented invention in the United States); *Aerogroup Int'l, Inc. v. Marlboro Footworks, Ltd.*, 955 F.Supp. 220, 232 (S.D.N.Y. 1997) (stating that protection under § 271(f) does not apply when none of the components came from the United States).

99. *See Wind Surfing Int'l, Inc. v. Fred Ostermann GMBH*, 668 F.Supp. 812, 820–21 (S.D.N.Y. 1987) (holding that protection under § 271(f) does not apply when infringer

whole before the infringer exports the product from the United States.¹⁰⁰

Although the court in *Andrea* acknowledged that there was no way that there could be extraterritorial liability for a combination patent that left the United States unassembled,¹⁰¹ the court did stretch to include that there was infringement for the combination of the elements that the defendant tested in the United States.¹⁰² While this may have been a stretch, it clearly shows a court more willing to protect the rights of U.S. patent holders.¹⁰³

Today's courts, however, even with explicit language in § 271 to extend U.S. patent laws,¹⁰⁴ continue to minimize its importance and find it more accurate to broadly state that U.S. patent laws do not extend extraterritorially.¹⁰⁵

B. *Method Patents*

Method patents do not always produce something tangible.¹⁰⁶ Because a method patent consists of a series of acts or steps, infringement of the claim occurs "only by practicing the steps of the method."¹⁰⁷ Initially the court's reaction was to extend the protection against infringement provided by § 271 (f) to method patents.¹⁰⁸

makes the components in a foreign country, stores them in the United States and ships them to a different foreign country if no changes occurred in the United States).

100. *See id.*

101. *See* MIT, 2004 WL 5268128, at *15.

102. *See id.* at *17.

103. *See id.*; *cf.* Pellegrini, 375 F.3d. at 1117(holding that design instructions and corporate oversight are not components supplied from the U.S.).

104. *See* § 271(f), (g); *Deepsouth*, 406 U.S. at 531. The Court stated that in order to extend the reach of U.S. patent laws, that "a clear and certain signal from Congress" would be required. *Id.* The Court even went on to say that, "the Fifth Circuit's definition [was] unacceptable . . . absent a congressional recasting of the [issue]." *Id.* at 528.

105. *See Keeping Pace*, *supra* note 14, at 120. "[S]ome courts 'have been 'willing to step up and extend the extraterritorial reach of U.S. patent[] [laws] in ways that are . . . different,'" such as with the effects based test. *Id.* (quoting Timothy R. Holbrook, *Extraterritoriality in U.S. Patent Law*, 49 WM. & MARY L. REV. 2119, 2127 (2008)). The effects-based test "permit[s] the patent to cover acts occurring outside the United States' when there is 'any effect'" in the United States, such as economical or technological effects. *Id.* (alteration in original) (quoting Timothy R. Holbrook, *Extraterritoriality in U.S. Patent Law*, 49 WM. & MARY L. REV. 2119, 2119 (2008)).

106. *See* *Cardiac Pacemakers, Inc. v. St. Jude Med., Inc.* 576 F.3d 1348, 1362 (Fed. Cir. 2009).

107. *Id.* at 1363.

108. *Id.* at 1360. The first case in the line of method cases was *Eolas Technologies, Inc. v. Microsoft Corp.* 399 F.3d 1325 (Fed. Cir. 2005). It involved both a product and a method claim, and the court held that a component was not limited to a physical item, therefore, § 271(f) granted protection against infringement extraterritorially. *See id.*

However, because the U.S. Supreme Court construed such a narrow interpretation in *Microsoft v. AT&T*¹⁰⁹, it led to an overturn of the initial line of cases that extended protection for infringement under § 271(f) to method patents.¹¹⁰ When deciding *Cardiac Pacemakers*, the Court explicitly limited the extension of § 271(f) and held that this protection was not for method patents.¹¹¹ Despite this holding, many practitioners continue to advocate for extraterritorial application of U.S. patent law.¹¹² The results in *Cardiac Pacemakers* and *Microsoft* are partially due to the Court's desire to restrict the extraterritoriality of U.S. patent law¹¹³ despite any explicit changes that Congress makes to the statute.¹¹⁴

There was no kickback from Congress when the court decided *Eolas*¹¹⁵ and *Union Carbide*,¹¹⁶ which found protection under § 271 for infringement of method patents, and yet, the court found it necessary to overrule those findings to keep from extending § 271(f).¹¹⁷

The Court "would require a clear and certain signal from Congress before . . . the beachhead of privilege is wider, and the area of public use narrower, than courts had previously thought."¹¹⁸ This means the Court requires "a clear and certain signal from Congress" to give U.S. patent laws extraterritorial reach,¹¹⁹ but largely ignores the fact that Congress gave that clear and direct legislation in 1984 when they passed an amendment to § 271 to explicitly grant that reach.¹²⁰ The courts ignore that it is no longer accurate or legally correct to merely state that U.S. patent law does not extend extraterritorially or

Later, the court considered the question in *Union Carbide Chem. & Plastics Tech. Corp. v. Shell Oil Co.*, 434 F.3d 1357, 1361 (Fed. Cir. 2006). *See id.* at 1361.

This claim involved a catalyst that was necessary to perform a patented method for producing ethylene oxide. *See id.* The court explicitly held that § 271(f) did apply to method claims. *See id.* (discussing the *Union Carbide* decision).

109. *Cardiac*, 576 F.3d at 1365.

110. *Id.*

111. *Id.*

112. *See Courts as Diplomats*, *supra* note 1, at 1199.

113. *See Id.* at 1199-1200, 1202; *see also Cardiac*, 576 F.3d at 1362 ("The Court sent a clear message that the territorial limits of patents should not be lightly breached.").

114. *See Courts as Diplomats*, *supra* note 1, at 1203.

115. *See generally Eolas Tech. Inc. v. Microsoft Corp.*, 399 F.3d 1325, 1328 (Fed. Cir. 2005).

116. *See generally Union Carbide Chem. & Plastics Tech. Corp. v. Shell Oil Co.*, 434 F.3d 1357, 1358 (Fed. Cir. 2006) (Lourie, J., dissenting).

117. *See Cardiac*, 576 F.3d at 1365.

118. *See Deepsouth*, 406 U.S. at 531.

119. *See id.*

120. Bristol-Meyers, 2001 WL 1263299, at *4.

that there is no force beyond the territorial limits.¹²¹ The courts must also address the exceptions that grant this reach¹²² or at a minimum qualify the statement with “generally.”

C. Process Patents

Process and method patents can be similar, but the courts consider them separately.¹²³

The court’s early application of § 271(g) to process patents was in *Bayer AG v. Housey Pharmaceuticals*.¹²⁴ In *Bayer*, the court held the claim of infringement was for a method of screening for protein protectors.¹²⁵ The court held, however, that Congress limited protection for infringement under § 271(g) to manufactured physical goods and did not extend it to information generated by a patented process.¹²⁶

In a later decision, *Union Carbide*,¹²⁷ the court relied on *Eolas*¹²⁸, which stated that there was no distinction between patentable method/process inventions and other forms of patentable inventions; therefore, § 271(f) did protect processes.¹²⁹ Since then, the Supreme Court overturned this line of cases in *Cardiac Pacemakers*.¹³⁰

121. *See id.*

122. *See, e.g.*, *NTP, Inc.*, 418 F.3d at 1313. The court begins their analysis of the reach of § 271 with “The territorial reach of § 271 is limited.” *Id.*; *cf. Rotec*, 215 F.3d at 1251 (quoting *Dowagiac Mfg. Co. v. Minnesota Moline Plow Co.*, 235 U.S. 641, 650 (1915) (citation omitted) (“The right conferred by a patent under [U.S.] law is confined to the United States and its territories. . . .”).

123. *See Bayer*, 340 F.3d at 1373, 1377-78.

124. *Id.* at 1370.

125. *Id.* at 1369.

126. *See id.* at 1377.

127. *Cf. Union Carbide*, 434 F.3d at 1357-58 (Lourie, J., dissenting). The dissent to the panel that denied a re-hearing en banc stated that the panel should have directly addressed whether or not § 271(f) governs methods/processes. *Id.* at 1358. The Court should have directly answered the question at this point to give clearer guidance for future decisions. *Id.* Instead, the dissent goes on to say, that the holding in previous cases, such as *Standard Havens Prods. v. Gencor Indus. Inc.*, 953 F.2d 1360, 1374 (Fed. Cir. 1991) has a contrary holding to that of the majority in *Union Carbide* and that § 271(f) should not apply where infringer sent an apparatus for use in a patented process abroad. *Id.* at 1359. That is no longer an issue since the Supreme Court declared that § 271 will not afford this protection to process patents, and it will now take Congressional action to update the legislature and protect processes more specifically. *See Cardiac*, 576 F.3d at 1365-66.

128. *See Union Carbide*, 434 F.3d at 1358-59 (Lourie, J., dissenting).

129. *Id.*

130. *See Cardiac*, 576 F.3d at 1365; *cf. Microsoft Corp.*, 550 U.S. at 462. The dissent is accurate in stating that affirming the Court of Appeals would be more faithful to the intent of the Congress that enacted § 271(f). *Microsoft Corp.*, 550 U.S. at 462. The Court should consider software a component because it is the most important ingredient of a component (computer) and should therefore be a component. *Id.* at 463-64. As a

Other intangible patents have come before the court for protection against infringement and can be construed as processes.¹³¹ For example, many patent owners have brought claims for infringement of software and e-mail processes; many times the infringement takes place outside of the United States.¹³²

Because of increased mobility, products often travel from country to country, and could potentially infringe according to the destination country, but not in the initiating country.¹³³ The courts, however, decided that protection against infringement under § 271 does not apply when the sale is domestic and the consumer merely uses it outside the United States.¹³⁴

D. Chemical Patents

While some chemical patents involve a method patent,¹³⁵ some are for the individual components.¹³⁶ When the patent involves more than a method, then the components that make up the chemical patent receive protection under § 271(f).¹³⁷ In *Bristol*,¹³⁸ the court accepted the Special Master's interpretation

component, therefore, Congress should afford software protection under § 271. *Id.* at 464. The Court seems more concerned, however, with limiting extraterritoriality than actually meeting the intent of Congress.

131. See, e.g., *Eolas*, 399 F.3d at 1328; see also *Microsoft Corp.*, 550 U.S. at 441-42.

132. See *NTP, Inc. v. Research In Motion, Ltd.*, 418 F.3d 1282, 1289-90 (Fed. Cir. 2005).

133. *Id.* at 1318. While the court has not addressed electronic processes specifically, because the court denied protection to all processes this likely includes electronic processes. *Id.* at 1322-23 (quoting *In re Kollar*, 286 F.3d 1326, 1332 (Fed. Cir. 2002)). Because electronic processes do not usually result in a tangible object, the courts will likely not extend protection under (f) and (g). *NTP, Inc.*, 418 F.3d at 1322-23. While Courts are not currently willing to extend patent protection to processes, as these processes become more complicated it may become necessary. See, e.g., *id.* at 1294. So many of these electronic processes necessarily have to leave the country, and it is not always predictable or controllable. *Id.* at 1313. For example, consider something as simple as an e-mail. See *id.* at 1294. In order for the e-mail to reach its intended recipient, it must first travel through cyberspace. See *id.* It is here in cyberspace that the signal transfers potentially from tower to tower. *Id.* The electronic processes usually look for the most efficient route. See *id.* at 1294-95. For example, it may not discriminate between local U.S. towers and those of Canada. See *id.* at 1310. Perhaps this technology will lead the Congress to require the programmers to instill in these processes an ability to discriminate between local and foreign towers, otherwise subject them to liability for infringement.

134. *Id.* at 1322 (citing *Standard Havens Prods., Inc. v. Gencor Indus., Inc.*, 953 F.2d 1360, 1374 (Fed. Cir. 1991)).

135. See *Bristol-Myers Squibb Co. v. Rhone-Poulenc Rorer, Inc.*, No. 95 CIV 8833, 2001 WL 1263299, at *2 (S.D.N.Y.).

136. See *id.*

137. *Id.* Protection applies to chemical patents, and there is no evidence to show it should be excluded. *Id.* See also 35 U.S.C.A. § 271(f).

138. See generally *Bristol*, 2001 WL 1263299, at *1.

that the patent at issue contained two components,¹³⁹ while the opposing party tried to argue that chemical patents, in part, protected a process,¹⁴⁰ therefore, they did not comprise of components as required by § 271(f).¹⁴¹ Other courts extended the same protection to chemical patents as well.¹⁴²

IV. INACCURATE STATEMENTS IN COURT OPINIONS LEAD TO FLAWED HOLDINGS

While the holdings in the courts do not necessarily turn out wrong, the analysis of the court is not correct when it states that there is no extraterritorial effect.¹⁴³

The courts held that Congress added these provisions to protect a variety of American patent holders' interests, but holdfast to the presumption against extraterritoriality of U.S. patent law.¹⁴⁴ The courts held that a product "not made in, used in, sold in, offered for sale, or imported into the United States is outside the reach of U.S. patent laws," unless it falls under the protection of § 271(f).¹⁴⁵ The protection extends, however, against one who supplies from the United States, for "combination" abroad, a patented inventor's component¹⁴⁶ when the infringing company does not complete all of the acts in a foreign country.¹⁴⁷

A. *Examples of Court Misstatements*

There are other various examples of explicit misstatements made by the courts. For example, in *Hughes Aircraft Co. v. United States*¹⁴⁸ the court relies on the holding in *Deepsouth*, where the court highlighted that "our U.S. patent laws have no

139. *Id.* at *3.

140. *Id.* at *2.

141. *Id.* at *3. However, because only one component was at issue there was no infringement based on § 271(f) because infringement required multiple components. *Id.* at *5.

142. *See id.* at *3(citing *W.R. Grace & Co. v. InterCat, Inc.*, 60 F. Supp. 2d 316, 320 (D. Del. 1999); *Lubrizol Corp. v. Exxon Corp.*, 696 F. Supp. 302, 325 (N.D. Ohio 1988)).

143. *See Hughes*, 29 Fed. Cl. at 230-31; *see also Pellegrini*, 375 F.3d at 1117.

144. *Informatica Corp. v. Bus. Objects Data Integration, Inc.*, 489 F. Supp. 2d 1075, 1081 (N.D. Cal. 2007).

145. *See CIF Licensing, L.L.C. v. Agere Sys. Inc.*, 727 F. Supp. 2d 337, 350 (D. Del. 2010) (citing *Pellegrini v. Analog Devices, Inc.* 375 F.3d 1113, 1118 (Fed. Cir. 2004)).

146. *See CIF Licensing, L.L.C.*, 727 F. Supp. 2d at 350 (citing *Microsoft Corp. v. AT&T Corp.*, 550 U.S. 437, 441 (2007)).

147. *See Pellegrini*, 375 F.3d at 1118. While the court does not say it directly, it does imply that a manufacturer could circumvent the protection of U.S. patents by merely manufacturing and selling overseas. *See id.*

148. *See generally Hughes*, 29 Fed. Cl. at 197.

extraterritorial effect.”¹⁴⁹ *Hughes* involved a patent for an apparatus for controlling the attitude of a spin-stabilized spacecraft.¹⁵⁰ *Hughes* brought a claim against the government for unlicensed use of the patent.¹⁵¹ *Hughes* brought the claim under § 1498,¹⁵² which states that the government takes by eminent domain a compensable license when the invention is used by or for the government.¹⁵³ The court followed the reasoning in *Deepsouth* and extended it to decide that § 1498 could not apply outside of the United States.¹⁵⁴

The court reasoned that § 1498¹⁵⁵ should be construed consistently with title 35.¹⁵⁶ The court required a specific enactment extending the reach of patent protection in space.¹⁵⁷ It is this continual misstatement that weakens the actions of Congress every time the court publishes an opinion regarding extra-territorial infringement.

In *Pellegrini v. Analog Devices*,¹⁵⁸ the Court continued to perpetuate that U.S. patent law has no extraterritorial force.¹⁵⁹ *Pellegrini* was the sole inventor of a brushless motor drive circuit¹⁶⁰ and sued Analog for infringement and inducement for the manufacturing of integrated circuit chips that included components of *Pellegrini*'s patent.¹⁶¹ The court started their reasoning by “noting that U.S. patent laws do not have extraterritorial effect.”¹⁶²

The court in *Pellegrini* did not qualify that statement in other parts of the case,¹⁶³ and even goes on to reference *Brown v.*

149. *Id.* at 230-31 (quoting *Deepsouth*, 406 U.S. at 531 (“that our patent laws have no extraterritorial effect.”)).

150. *Id.* at 201.

151. *Id.* at 208.

152. See 28 U.S.C.A. § 1498 (West 2012).

153. *Hughes*, 29 Fed. Cl. at 208 (citation omitted).

154. *Id.* at 231.

155. 28 U.S.C § 1498 (1998).

156. *Hughes*, 29 Fed. Cl. at 230-31. The court went on to state that “because the patent itself grants rights only against use in the United States, it would be quite odd to interpret § 1498 as imposing liability on the government for use outside this country.” *Id.* at 230.

157. *Id.* at 231. “[The Supreme Court] bolsters our view that § 1498 in its entirety should be construed consistently with title 35 as limited in application to United States territory and thus as not applying in outer space (absent a specific enactment extending the reach of patent laws to uses in space).” *Id.* at 230-231.

158. *Pellegrini v. Analog Devices, Inc.*, 375 F.3d. 1113 (Fed. Cir. 2004).

159. *Id.* at 1118.

160. *Id.* at 1114.

161. *Id.*

162. See *id.* at 1115.

163. See generally *Pellegrini*, 375 F.3d. at 1114-18.

*Duchesne*¹⁶⁴ weighing that” U.S. patent laws’ do not, and were not intended to, operate beyond the limits of the United States.”¹⁶⁵ The court makes no note that *Brown* was decided under a statute that made no mention of extraterritoriality over 150 years ago and was outdated because of the Congressional amendments to section 271.¹⁶⁶

The court, however, decided *Pellegrini* over twenty years after the addition of section 271(f),¹⁶⁷ which Congress specifically added to extend the extraterritorial reach of U.S. patent law.¹⁶⁸ For this reason, the statements made in *Brown*¹⁶⁹ and relied on by the court in *Deepsouth*¹⁷⁰ are no longer accurate.

The court in *Pellegrini* concludes its analysis on extraterritoriality with another inaccuracy citing *Dowagiac Mfg. Co. v. Minn. Moline Plow Co.*¹⁷¹ The Court states, “The right conferred by a patent under our law is confined to the United States and its territories, and infringement of this right cannot be wholly done in a foreign country.”¹⁷² The latter part of the statement, that acts cannot wholly be done in another country, is true;¹⁷³ the first part of the statement, however, is clearly erroneous in light of section 271(f) and (g).¹⁷⁴ U.S. patent law is not confined to the United States in light of the changes that Congress explicitly made in 1984.¹⁷⁵

These decisions are not without consequence because other courts follow suit and continue to perpetuate the fallacy that U.S.

164. See generally *Brown v. Duchesne*, 60 U.S. (19 How.) 183, 195 (1856).

165. See *Pellegrini*, 375 F.3d. at 1117 (quoting *Brown v. Duchesne*, 60 U.S. (19 How.) 183, 195 (1856)).

166. *Courts as Diplomats*, *supra* note 1, at 1200; 35 U.S.C.A. § 271 (West 2012). “*Brown* was the first reported case commenting on the territoriality of U.S. patent laws.” *Keeping Pace*, *supra* note 14, at 124.

167. Patent Law Amendments Act of 1984, Pub. L. No. 98-622, § 101, 98 Stat. 3383, 3383 (codified at 35 U.S.C. § 271(f) (2010)).

168. See *Bayer AG v. Housey Pharm., Inc*, 340 F.3d 1367, 1374 (Fed. Cir. 2003). It is well established that Congress has the power to extend the extraterritorial reach of U.S. patent law, so there can be no question of validity. See *Litecubes L.L.C. v. N. Light Prods., Inc.*, 523 F.3d 1353, 1363 (Fed. Cir. 2008).

169. See generally *Brown*, 60 U.S. at 194-98 (limiting the purview of patent law to activity within the United States).

170. *Deepsouth Packing Co. v. Laitram Corp*, 406 U.S. 518, 531 (1972).

171. *Pellegrini v. Analog Devices, Inc.*, 375 F.3d. 1113, 1118-19 (Fed. Cir. 2004) (citing *Dowagiac Mfg. Co. v. Minn. Moline Plow Co.*, 235 U.S. 641, 650 (1915)).

172. *Pellegrini*, 375 F.3d at 1118-19 (citing *Dowagiac*, 235 U.S. at 650).

173. *Pellegrini*, 375 F.3d at 1117-18. The plain language of § 271(f) focuses on the location of the components not on the accused infringer. *Id.* at 1117. The product must be shipped from the United States for assembly. *Id.*

174. 35 U.S.C.A. § 271(f)-(g) (West 2012).

175. Patent Law Amendments Act of 1984, Pub. L. No. 98-622, § 101, 98 Stat. 3383, 3383 (codified at 35 U.S.C. § 5271(f) (2010)).

patent law does not extend beyond the U.S. territories.¹⁷⁶ For example, in *NTP, Inc. v. Research in Motion, Ltd.*¹⁷⁷ the patent holder sued for infringement as related to systems for integrating existing electronic mail systems with radio frequency wireless communication networks to enable a mobile user to receive email over a wireless network.¹⁷⁸ In its analysis, the court inaccurately states the extraterritorial reach of U.S. patent law.¹⁷⁹

The court then goes on to rely on *Deepsouth* as if the Court never overruled it.¹⁸⁰ This is inappropriate and continually minimizes the impact of the law that Congress intended.

B. *Microsoft*

In *Microsoft Corp. v. AT&T Corp.*, AT&T had a patent for a machine that digitally compresses and encodes recorded speech.¹⁸¹ AT&T brought a claim of infringement against Microsoft for an operating system that had the potential to infringe.¹⁸² The Court held that because Microsoft supplied a master version of the software,¹⁸³ Microsoft was not liable for the

176. See, e.g., *Microsoft Corp.*, 550 U.S. at 454; see also *Int'l. Rectifier Corp. v. Samsung Elec. Co.*, 361 F.3d 1355, 1360 (Fed. Cir. 2004). "It is well known that U.S. patent laws 'do not and were not intended to, operate beyond the limits of the United States.'" *Id.* (quoting *Brown v. Duchesne*, 60 U.S. (19 How.) 183, 195 (1856)). The appellate court continues by chastising the district court because "[it purported] to extend the scope of liability under the Patent Act beyond territorial boundaries of the U.S." See *Id.* at 1361. The reality is that Congress explicitly did that in 1984. Drug Price Competition and Patent Restoration Act of 1984, Pub. L. No. 98-417, 98 Stat. 1585 (1984).

177. See generally *NTP, Inc.*, 418 F.3d at 1282.

178. *Id.* at 1287. The system that the plaintiff claimed was infringing was the Blackberry. *Id.* at 1289. The court held that there was no infringement under section 271(f) because the defendant merely supplied the products to the United States. *Id.* at 1322. There was no intent for combination outside the United States when the customer took the device out of the United States. *Id.* at 1323.

179. The court relies on *Brown and Rotec. NTP, Inc. v. Research in Motion, Ltd.*, 418 F.3d 1282, 1313 (Fed. Cir. 2005) (citing *Brown v. Duchesne*, 60 U.S. (19 How.) 183, 195 (1856)); *Id.* at 1313 (referring to *Rotec Indus., Inc. v. Mitsubishi Corp.*, 215 F.3d 1246, 1251 (Fed. Cir. 2000)). The court relies on the findings in *Brown* that state "U.S. patent laws were not intended to operate beyond the limits of the United States." *NTP, Inc.*, 418 F.3d at 1313 (citing *Brown*, 60 U.S. at 183)). Then, the Court goes on to quote *Rotec* where the court discussed the irrelevancies of the activities because patent rights were confined to the United States. *NTP, Inc.*, 418 F.3d at 1313 (citing *Rotec*, 215 F.3d at 1251)). While a presumption against extraterritoriality may be accurate, a blanket statement confining U.S. patent law is no longer accurate. See *Microsoft Corp.*, 550 U.S. at 455-56 (discussing the presumption against extraterritoriality).

180. E.g., *Keeping Pace*, *supra* note 14, at 126 (discussing how 35 U.S.C. § 271(f) legislatively overruled *Deepsouth*).

181. *Microsoft Corp.*, 550 U.S. at 441.

182. See *id.* at 441-42.

183. *Id.* at 457.

copies installed on machines overseas.¹⁸⁴ While this outcome is debatable for other reasons, the inaccuracy in the Court's opinion is when it states, "[O]ur patent law 'operate[s] only domestically and do[es] not extend to foreign activities.'"¹⁸⁵

The Court does not necessarily go on to conclude the case incorrectly. It even acknowledges at the start that, generally, there is no infringement when a patented product is made and sold overseas, but there is an exception.¹⁸⁶ "While stating the exception at the beginning of the case, the Court made an error by relying on case law that is no longer accurate for the final decision."¹⁸⁷

The Court continually demands that Congress give a clear intent to extend extraterritoriality of U.S. patent law,¹⁸⁸ and when it does,¹⁸⁹ the court refuses to give it the credence it requires.¹⁹⁰

While this means that the outcome would likely have been different in *AT&T*, the Court of Appeals was willing to decide the issue from a perspective that matched Congress's intent when they created § 271(f).¹⁹¹

The majority, however, ignored that the "purpose of § 271 is that, for patented inventions, a U.S. patent cannot be avoided by

184. *Id.*

185. *Id.* at 455 (alteration to internal quote in original) (quoting Alan M. Fisch & Brent H. Allen, *The Application of Domestic Patent Law to Exported Software: 35 U.S.C. § 271(f)*, 25 U. PA. J. ECON. L. 557, 559 (2004)).

186. *Id.* at 441. *See also* MEMC Elec. Materials, Inc. v. Mitsubishi Materials Silicon Corp., 420 F.3d 1369, 1375-76 (Fed. Cir. 2005)(court relies on inaccurate statement for the final decision, even though it mentions the correct statement that only § 271(a) is limited to the United States).

187. *See* Microsoft Corp., 550 U.S. at 444. The Court here relies on *Brown v. Duchesne*, but fails to acknowledge that *Brown* was decided under very different circumstances. *See generally* *Courts as Diplomats*, *supra* note 1, at 1200 (describing the circumstances in *Brown*). The statute that *Brown* was decided under did not even address extraterritoriality, whereas the one in *Microsoft* did. *Id.* at 1200-01.

188. *E.g.*, Microsoft Corp., 550 U.S. at 444.

189. *Id.* at 457.

190. *Id.* at 458. The court demands that Congress "hone in on" the specific loophole identified by the ease with which copies of software can be made. *Id.* While the appellate court contends that this was done by creating § 271(f), the Supreme Court is not satisfied with this. *Id.* at 457. The Court insists on continually limiting the extraterritorial reach of U.S. patent law. *Id.* at 458 (referencing *Deepsouth Packing Co. v. Laitram Corp.*, 406 U.S. 518, 532 (1972)). *See also* WesternGeco, 2011 WL 3608382, at *9.

191. Microsoft Corp., 550 U.S. at 457. The court of appeals acknowledged that not finding liability in copies of software made overseas from an original made in the United States would "subver[t] the remedial nature of § 271(f), permitting a technical avoidance of the statute by ignoring the advances in a field of technology-and its associated industry practices-that developed after the enactment of § 271(f)." *AT&T Corp. v. Microsoft Corp.*, 414 F.3d 1366, 1371 (Fed. Cir. 2005). The appellate court went on to state the matter should be decided in a manner that was appropriate for the technology. *Id.*

providing substantial components from the U.S. while performing some aspect offshore to avoid a technical act of infringement, under § 271(a).¹⁹² As a result, “[t]he § 271 subsections deal with the various legislative remedies for various forms of infringement as Congress acted to plug the loopholes that had arisen or were foreseen.”¹⁹³ They also “reflect the considered legislative approach to plug loopholes in the infringement statute, in the interest of United States patentees and in support of United States innovation.”¹⁹⁴ “The new loophole,¹⁹⁵ however, will outshine the simple evasion that led Congress and the innovation community to the carefully written texts of sections 271(c), (e), (f), and (g).”¹⁹⁶ “Despite the clarity of . . . § 271(f), and the context of concern for statutory loopholes . . . , [the] court now rules that legislators intended to preserve a large loophole for patented processes, and never intended to cover more than the narrow *Deepsouth* loophole for machinery.”¹⁹⁷

C. *Rotec*

The same inaccuracies are in *Rotec Industries, Inc. v. Mitsubishi Corp.*¹⁹⁸ “Rotec is a manufacturer of crane and conveyor systems designed to carry concrete over long distances.”¹⁹⁹ Rotec filed a claim based on infringement against Mitsubishi for an “offer for sale” of the patented invention.²⁰⁰ Much of the infringing took place outside of the United States.²⁰¹ The court held that because the acts did not take place in the United States under § 271(a), that the lower court properly dismissed the claims.²⁰²

The inaccuracy, however, lies in the wording of the analysis, which does not distinguish between different portions of the statute.²⁰³ The court broadly states, “[t]hese extraterritorial

192. *Cardiac*, 576 F.3d at 1374.

193. *Id.* at 1368.

194. *Id.* at 1369.

195. This loophole refers to the Supreme Court overturning the application of § 271(f) infringement protection for process patents. *Cardiac*, 576 F.3d at 1369.

196. *Cardiac*, 576 F.3d at 1369.

197. *Id.* at 1371. The dissent at 1374 goes on to state that “[i]t is not the judicial role to dump the statute entirely, as overreaction to the facts of one case.” *Id.* at 1374.

198. *Rotec Industries, Inc. v. Mitsubishi Corp.*, 215 F.3d 1246, 1258 (Fed. Cir. 2000).

199. *Id.* at 1248.

200. *Id.* at 1249.

201. *Id.* at 1251.

202. *Id.* at 1258.

203. *Rotec*, 215 F.3d at 1251.

activities . . . are irrelevant to the case before us, because '[t]he right conferred by a patent under [U.S.] law is confined to the United States and its territories . . .'"²⁰⁴ With this statement, the majority misconstrues the statutory provision 35 U.S.C. § 271(f), which overruled this old policy.²⁰⁵ While § 271(f) did not intend to fully extend extraterritorial protection,²⁰⁶ Congress was concerned with providing protection to U.S. patent holders and to maintain U.S. patent values in a global economy.²⁰⁷ Because of that clear intent, it is the responsibility of the court to read § 271(f) together with § 271(a) so that they are in harmony.²⁰⁸ The court should not rely on a case that Congress overruled to make the final determination.²⁰⁹

These continual inaccuracies lead other courts to make decisions that might otherwise turn out differently.²¹⁰

204. *Id.* (quoting *Dowagiac Mfg. Co. v. Minn. Moline Plow Co.*, 235 U.S. 641, 650 (1915) (first alteration in original)). The court here relies on *Dowagiac*, which is outdated and inappropriate in this context. *Rotec*, 215 F.3d at 1251.

205. See *Keeping Pace*, *supra* note 14, at 126.

206. See *Courts as Diplomats*, *supra* note 1, at 1190.

207. *Keeping Pace*, *supra* note 14, at 117-18.

208. *Rotec*, 215 F.3d at 1260. "A statute is construed and applied in a manner that does not render any of its provisions superfluous, contradictory, or illogical." *Id.* at 1259 (citing *Mackey v. Lanier Collection Agency & Serv. Inc.*, 486 U.S. 825, 837 (1988)).

209. *Rotec*, 215 F.3d at 1258, 1260 (Newman, J., concurring).

210. See, e.g., *WesternGeco L.L.C. v. Ion Geophysical Corp.*, 4:09-CV-1827, 2011 WL 3608382, at *1 (S.D. Tex. Aug. 16, 2011). *WesternGeco* alleged infringement by *IonGeophysical* because of use in the Chukchi Sea. *Id.* at *5. The court discussed at length its reluctance to extend liability for infringement to the EEZ. *Id.* In *WesternGeco*, the Court relies heavily on the presumption against extraterritoriality and the strong judicial reluctance to extend the geographic reach of patent rights. *Id.* The court disagrees with the plaintiff, who argues that Congress "intentionally added 'possessions' to extend the Patent Act beyond the territorial limits of the United States to areas under its control." *Id.* at *9 (discussing *Cannon v. Univ. of Chicago*, 441 U.S. 677, 696-99 (1979)). The reasoning in *WesternGeco* is an example of how writing consistently inaccurate opinions leads the courts astray. See, e.g., *WesternGeco*, 2011 WL 3608382, at *5. As the court wrestles with the decision, it acknowledges that extending the Patent Act to cover commercial exploration of natural resources in the EEZ would coincide with the type of control exercised by the United States over the EEZ. *WesternGeco*, 2011 WL 3608382, at *8. Ultimately, however, the decision is based on the judicial policy and the court must largely ignore the legislative policy behind Section 271. *Id.* at *9 (referring to *Sony Corp. of Am. v. Universal City Studios, Inc.*, 464 U.S. 417, 431 (1984), *superseded by statute*, 17 U.S.C. § 1201(a), (b)). With more precision in written decisions, the court would have likely come to a different conclusion.

V. COURTS WARPED THE CONGRESSIONAL INTENT OF § 271
BEYOND RECOGNITION

A. *The Court Stare Decisis Principles are in Tension with
the Congressional Intent of § 271*

As the courts continue to publish more statements that are inaccurate, the impact continues to grow. While there may be a strong presumption in the case law against extraterritoriality,²¹¹ it does not change Congress's clear intent.²¹² While there are a variety of reasons that extraterritoriality concerns patent holders, manufacturers and practitioners,²¹³ none of these concerns is sufficient to override the explicit wording of § 271(f) and (g).²¹⁴

In the initial line of cases, the courts stressed the need for clear Congressional intent in order to expand U.S. patent laws extraterritorially.²¹⁵

In its decisions, the court even acknowledges Congress's fulfillment of the requirement,²¹⁶ but then refuses to give the Congressional intent full force and merely uses it to limit the extent that the court allows the exception to have effect.²¹⁷ This shows little promise that the court will ever be satisfied with the extraterritorial reach that Congress explicitly chose to grant U.S. patent law.²¹⁸

The court will go so far as to recognize the concerns with placing these limitations on the extraterritorial reach, but to no

211. *Keeping Pace*, *supra* note 14, at 129 (referring to *Microsoft Corp. v. AT&T Corp.*, 550 U.S. 437, 454-55 (2007)).

212. *Informatica Corp. v. Bus. Objects Data Integration, Inc.*, 489 F. Supp. 2d 1075, 1081 (N.D. Cal. 2007) (referring to *Microsoft Corp. v. AT&T Corp.*, 550 U.S. 437, 457 (2007)).

213. *Courts as Diplomats*, *supra* note 1, at 1197 (referring to Kendra Robins, *Extraterritorial Patent Enforcement and Multinational Patent Litigation: Proposed Guidelines for U.S. Courts*, 93 VA. L. REV. 1259, 1274-78 (2007)). The three main critiques of extraterritoriality are economic, foreign affairs, and the separation of powers. *Id.*" The economic critique is consequentialist." *Id.* The fear there is that if the United States applies its laws extraterritorially, then foreign nations will do the same and create barriers to free trade. *Id.* This, however, is a short-term interest and not within the court's realm to control. *Id.* at 1197-1198. This power belongs to Congress. *See id.* at 1198. Second, the foreign affairs critique seeks to encourage comity between the nations. *Id.* at 1197. Finally, the separation of powers critique recognizes that foreign affairs traditionally belong to the political branches and not the courts. *Id.* at 1198.

214. 35 U.S.C.A. § 271(f)-(g) (West 2012).

215. *Microsoft Corp. v. AT&T Corp.*, 550 U.S. 427, 440 (2007).

216. *Id.* at 457.

217. *Id.* at 458.

218. *See Keeping Pace*, *supra* note 14, at 120:

avail.²¹⁹ The appellate court observed that without extending the reach, “[they] would be subverting the remedial nature of § 271(f), permitting a technical avoidance of the statute by ignoring the advances in a field of technology—and its associated industry practices—that developed after the enactment of § 271(f).”²²⁰

But, the Supreme Court merely states, “[g]iven that Congress did not home in on the loophole, and in view of the expanded extraterritorial thrust AT&T’s reading of § 271(f) entails, our precedent leads us to leave in Congress’ court the patent-protective determination that AT&T seeks.”²²¹

The dissent keenly observed that an “affirmance of the Court of Appeals’ judgment is more faithful to the intent of the Congress that enacted § 271(f).”²²² However, the sheer number of inaccurate opinions keeps an inaccurate view of the law on the forefront.²²³

Because *Deepsouth* initially noted that only clear congressional intent could extend extraterritoriality,²²⁴ Congress communicated their intent clearly.²²⁵ However, the Court continues to pile on the requirements.²²⁶ Instead of focusing on the policy change that Congress intended, the Court does all it can to hang on to an outdated line of cases.²²⁷ In the context of extraterritoriality, the Court adopted an interpretation of a statute far removed from Congress’ intention.²²⁸

219. Microsoft Corp., 550 U.S. at 457.

220. AT&T Corp. v. Microsoft Corp., 414 F.3d 1366, 1371 (Fed. Cir. 2005).

221. *Id.* at 458.

222. *Id.* at 462 (Stevens, J., dissenting).

223. See, e.g., Mark A. Lemley et al., *Divided Infringement Claims*, 33 AIPLA Q.J. 255, 265-67 (2005). Without clear congressional intent, the court should not extend U.S. patent law. Cf. *Keeping Pace*, *supra* note 14, at 120 (“The varied approaches . . . have confused the current state of the law.”).

224. Microsoft Corp., 550 at 444 (citing *Deepsouth Packing Co. v. Laitram Corp.*, 406 U.S. 518, 530 (1972) (“When, as here, the Constitution is permissive, the sign of how far Congress has chosen to go can come only from Congress.”)).

225. Microsoft Corp., 550 at 457.

226. See, e.g., *id.* at 451-52, 454 (finding that, under § 271(f), a “copy of Windows, not Windows in the abstract qualifies as a ‘component’” and “the absence of anything addressing copying in the statutory text weighs against” a broad interpretation of “supplies”).

227. See generally *Brown v. Duchesne*, 60 U.S. (19 How.) 183, 199 (1856) (foreign ship using U.S. patent); *Dowagiac Mfg. Co. v. Minn. Moline Plow Co.*, 235 U.S. 641, 644 (1915) (infringing product sold in United States and Canada); *Deepsouth*, 406 U.S. 518 (1972) (components of patented product sold to foreign buyer).

228. *Courts as Diplomats*, *supra* note 1, at 1187-88.

B. *Congress Acts Within Its Authority to Extend the Territorial Reach of U.S. Patent Laws and the Court Refuses to Recognize the Changes*

There is no doubt that Congress is within its power to extend the extraterritorial reach of federal statutes.²²⁹ In fact, traditionally these foreign affairs were under the control of the political branches and the courts do not even participate in that process.²³⁰ When it comes to U.S. patent law, however, it is deeply rooted in the foundations of American law that extraterritoriality is limited likely because it fails to consider foreign affairs.²³¹ As a result, the court operates under a presumption against extraterritoriality and holds fast in their interpretation of not extending U.S. patent law despite clear guidance from Congress.²³²

There are many valid reasons why Congress would want to extend the reach of U.S. patent law.²³³ For a variety of reasons, including increasing global markets and guarding the value of U.S. patents, Congress could support extending the extraterritoriality of U.S. patent law.²³⁴ Congress demonstrated this intent, not only with the additions of provisions (f) and (g), but also with the amendments that followed.²³⁵

While the amendments explicitly address the issue of extraterritoriality,²³⁶ even before the amendments, the statute had extraterritorial reach, although extremely limited.²³⁷

229. See U.S. Const. art. III, § 2, cl. 1 (“The judicial power shall extend to all cases . . . arising under the laws of the United States . . . to all controversies between . . . the citizens [of a State] and foreign states, citizens or subjects.”); *Courts as Diplomats*, *supra* note 1, at 1196-97.

230. *Courts as Diplomats*, *supra* note 1, at 1198.

231. *Keeping Pace*, *supra* note 14, at 124.

232. *Litecubes, L.L.C. v. Northern Light Prods., Inc.*, 523 F.3d 1353, 1363 (Fed. Cir. 2008). See also *Wahpeton Canvas Co. v. Bremer*, 893 F. Supp. 863, 872 (N.D. Iowa 1995). The holding of *Deepsouth* was essentially superseded by the passage of 35 U.S.C. § 271(f). See *Keeping Pace*, *supra* note 14, at 126.

233. See *Courts as Diplomats*, *supra* note 1, at 1181.

234. *Id.* at 1189-90.

235. *Territoriality Waning?*, *supra* note 36, at 722. “The addition of offers to sell as a type of direct infringement demonstrates the increasingly international nature of patent law. Congress created this form of infringement solely to incorporate international standards pursuant to TRIPS.” *Id.* TRIPS are the Trade Related Aspects of Intellectual Property and the signatories’ attempt to harmonize their national laws that govern intellectual property. *Id.* at 703.

236. 35 U.S.C.A. § 271(f)-(g).

237. See *Tr. of Colum. Univ.*, 150 F. Supp. at 193. The court acknowledges there was an extraterritorial exception to U.S. patent law that allowed vicarious liability for a foreign company for its complicity with a domestic actor. *Id.*

For example, § 271(c) had the potential to reach violators overseas if their actions traveled to the United States.²³⁸

Despite Congress's intent to overrule *Deepsouth*, there is much discussion by the courts focusing on whether the intent was to overturn the conclusion or to broaden the extraterritorial effect.²³⁹ Therefore, instead of relying on Congress's intent, if courts can stretch the statute so that extraterritoriality is limited, it will.²⁴⁰ This includes misstating the law and not accurately portraying the full reach.²⁴¹

While the extraterritorial reach is not limitless, it is explicit.²⁴² When Congress added the provisions, their reports reflected that they envisioned three types of infringers:²⁴³ a manufacturer, an infringing importer, and an innocent infringing retailer or importer who does not actually use the protected process but the resulting product.²⁴⁴ Therefore, extraterritorial reach would apply when a product is under the protection of the United States, yet made in Costa Rica, and then shipped back to the United States.²⁴⁵ This protection would not extend, however, if the product was under the protection of the United States, manufactured in Costa Rica, and then sold in Honduras.²⁴⁶ Even though Congress answered the directive from the court, giving their intent with a clear and certain signal,²⁴⁷ the court still is

238. 35 U.S.C.A. § 271(c) ("Whoever . . . imports into the United States a component of a patented machine, manufacture, combination or composition, or a material or apparatus for use in practicing a patented process, constituting a material part of the invention, knowing the same to be especially made or especially adapted for use in an infringement of such patent, and not a staple article or commodity of commerce suitable for substantial noninfringing use, shall be liable as a contributory infringer.") This portion of § 271(c) necessarily requires the infringer to be outside of the United States. See 35 U.S.C.A. § 271 (c). There would be no point to this provision if U.S. patent law did not have extraterritorial reach. See also *Wahpeton Canvas Co. v. Bremer*, 893 F. Supp. 863, 872 (N.D. Iowa 1995) ("[T]he Supreme Court clearly stated . . . that 'if *Deepsouth's* conduct were intended to lead to the use of patented deveiners inside the United States its production and sales activity would be subject of injunction as an induced or contributory infringement.") (quoting *Deepsouth Packing Co. v. Laitram Corp.*, 406 U.S. 518, 526 (1972)). This shows that the Court realized, yet chose to overlook, that to even a minimal extent, U.S. patent laws had extraterritorial reach even before § 271(f) and (g) were added to the Code. See, e.g., 35 U.S.C.A. § 271 (c).

239. *Keeping Pace*, *supra* note 14, at 126.

240. *Id.* at 132.

241. See *Hughes Aircraft Co. v. United States*, 29 Fed. Cl. 197, 230-231 (1993); see also *Pellegrini v. Analog Devices, Inc.*, 375 F.3d 1113, 1116-17 (Fed. Cir. 2004).

242. 35 U.S.C.A. § 271(f) (West 2012).

243. *Bayer AG v. Housey Pharmaceuticals, Inc.*, 340 F.3d 1367, 1375 (Fed. Cir. 2003).

244. *Id.*

245. *Oromco Corp. v. Align Tech., Inc.*, 609 F.Supp. 2d 1057, 1062 (C.D. Cal. 2009).

246. *Pellegrini*, 375 F.3d. at 1116.

247. *Deepsouth Packing Co. v. Laitram Corp.*, 406 U.S. 518, 531 (1972).

not satisfied and continues to limit the effect and use of extraterritoriality in reference to U.S. patent law.²⁴⁸

VI. GETTING THE CONGRESSIONAL INTENT OF § 271 BACK ON TRACK

The real deciding factor is not the wording that Congress chooses, but the legal strength that the courts grant the meaning of the selected words.²⁴⁹

A. *The Accurate Language the Courts Mean to Use*

While there are many instances where the court misstates the law and fails to portray accurately the extraterritorial reach of U.S. patent law, there are still many instances where the court portrays it perfectly. These are the examples that the court should use to keep from perpetuating misconceptions about U.S. patent law.

For example, in *Rothschild v. Ford Motor Co.*, the court analyzes the reach of U.S. patent law.²⁵⁰ The court begins by acknowledging that there is a limit to the reach, and then recognizes § 271(f)(1) as an exception to the general rule.²⁵¹ This is all that the courts must do to accurately portray the real reach of U.S. patent law.

Likely, courts want to emphasize the extreme circumstances where they feel extraterritorial reach is appropriate. While trying to emphasize this policy, the courts fail to consider the more accurate ways to express limitations on extraterritorial reach. For example, in *Bristol-Myers v. Rhone-Poulenc*, the court articulates what most courts likely mean when they rely on *Deepsouth*, *Brown*, and *Dowagiac* in limiting the effect of U.S. patent laws.²⁵² The court states, “[t]here is nothing . . . that demonstrates that Congress intended to create liability for

248. *Keeping Pace*, *supra* note 14, at 132.

249. See Kevin L. Russell, *Rotec Industries, Inc. v. Mitsubishi Corp.*, in 6 FEDERAL CIRCUIT PATENT CASE DIGESTS 18-171, 18-174 (5th ed. 2012).

250. See *Rothschild v. Ford Motor Co.*, 2 F.Supp. 2d 941, 946-47 (E.D.Mich. 1998).

251. 35 U.S.C.A. § 271(f)(1) (West 2012).

252. See *generally* *Bristol-Myers Squibb Co. v. Rhone-Poulenc Rorer, Inc.*, No. 95 Civ. 8833, 2001 WL 1263299, at *7 (S.D.N.Y. Oct. 19, 2001)(rejecting liability for contributory infringement of overseas goods when neither the text of the statute nor its legislative history indicate that Congress intended to expand U.S. patent laws in this manner)(citing § 271(f)); *Deepsouth Packing Co. v. Laitram Corp.*, 92 S.Ct. 1700 (1972)); See *generally* *Deepsouth*, 406 U.S. 518 (discussing the extraterritorial reach of U.S. patent law and its limitations); See *generally* *Brown v. Duchesne*, 60 U.S. (19 How.) 183 (1856) (discussing the limitations of U.S. patent law); See *generally* *Dowagiac Mfg. Co. v. Minn. Moline Plow Co.*, 235 U.S. 641 (1915) (discussing the limitations of U.S. patent law).

contributory infringement [when goods are made, used and sold outside the United States] when, under United States patent law, there is no liability for [these] acts of infringement . . . because the acts [all] occurred overseas.”²⁵³ In sum, the court in *Bristol* is very specific about the extraterritorial reach of U.S. patent law and its limitations.²⁵⁴

The court in *Microsoft* also partially addresses the issue correctly.²⁵⁵ The court stated, “[i]t is the general rule under United States patent law that no infringement occurs when a patented product is made and sold in another country.”²⁵⁶ It goes on to recognize subsection (f) of § 271 as an exception to that general rule.²⁵⁷ These simple acknowledgments are a sufficient portrayal of the law because of the additions that Congress made in 1984 that makes the statement more accurate.²⁵⁸

B. *Time for Congress to Repair § 271 to Salvage the Initial Intent Behind § 271*

To combat the frequency of courts minimizing the importance of the changes that sections (f) and (g) of 35 U.S.C. § 271 made, Congress must update the statute to reflect their intent.²⁵⁹ Congress will have to update the statute directly in order to protect process patents, including more complex and ever-changing electronic process patents.²⁶⁰ Congress may want to consider making the statute more effective so that it will survive the quick growth of technology.²⁶¹ Congress had great intentions in protecting the rights of U.S. patent holders and maintaining the value of a U.S. patent.²⁶² To keep this intent clear for the courts, an update is necessary or the courts will

253. *Bristol*, 2001 WL 1263299, at *7.

254. *Id.*

255. *See Microsoft Corp. v. AT&T Corp.*, 550 U.S. 437, 441 (2007).

256. *Id.*

257. *Id.* (“There is an exception. Section 271(f) of the Patent Act, adopted in 1984 . . .”).

258. 35 U.S.C.A. § 271(f)-(g).

259. *See Keeping Pace*, *supra* note 14, at 124 (failure can hurt the U.S. patent owners and “[t]he Federal Circuit’s decision to limit application of Section 271(f) to non-method patents should invite Congress to reconsider these countervailing concerns for method patents.”).

260. *See, e.g., Microsoft Corp.*, 550 U.S. at 457 (describing the gaps left in the statute for patents commonly known as process patents).

261. *See Keeping Pace*, *supra* note 14, at 124.

262. *See id.* at 136-137 (“Several factors currently affecting the application of Section 271(f) were unforeseen at the time the provision was enacted. For example, ‘changes in technology and increases in the cross-border movement of goods’ affect the rights of United States patent owners.”).

continue to misstate the law and minimize the extension of the law that Congress intended.²⁶³

VII. CONCLUSION

This is not a call for limitless extension of extraterritoriality of U.S. patent law. This is a call to portray accurately the reach of U.S. patent law so that as courts rely on preceding decisions and have to fall on the policy, the policy is the correct one.²⁶⁴ The policy should be one that Congress expressed, not the one that the court desires to further. While there are many restrictions on the reach of U.S. patent laws,²⁶⁵ the law still clearly protects patent holders from infringement occurring overseas when a manufacture makes a substantial portion of the apparatus in the United States, and it is the courts' responsibility to accurately portray this reach in their decisions.

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263. See *Microsoft Corp.*, 550 U.S. at 457 (“we would be subverting the remedial nature of § 271(f), permitting a technical avoidance”; the Court answers this concern with, “Given that Congress did not home in on the loophole . . . [it] leads us to leave in Congress’ court the patent-protective determination AT&T seeks.”) (quoting *AT&T Corp.*, 414 F.3d, at 1371)); see also *Keeping Pace*, *supra* note 14, at 124.

264. See *WesternGeco*, 2011 WL 3608382, at *8.

265. See, e.g., 35 U.S.C.A. § 271(f)-(g) (West 2012).