

UNITED STATES DISTRICT COURT  
DISTRICT OF CONNECTICUT

Applera Corporation and :  
Roche Molecular Systems, Inc., :  
plaintiffs, :  
v. : 3:98cv1201 (JBA)  
MJ Research Inc. and Michael :  
and John Finney, defendants. :

**Ruling on Plaintiffs' Motion in Limine to Exclude Evidence or  
Argument By Defendants Regarding Inclusion of a "Disclaimer"  
or Licensing Notice in Their Advertising as a Defense to  
Plaintiffs' Inducement Claims [Doc. #762-7]**

Plaintiffs move pursuant to Fed. R. Evid. 402 and 403 to preclude defendants MJ Research, Inc. ("MJ"), Michael Finney, and John Finney (collectively, "MJ" or "defendants") from arguing at trial that MJ's inclusion of a disclaimer in advertising and marketing materials for MJ's thermal cyclers negates any intent to induce infringement and thereby absolves MJ of liability for inducement of infringement, and to preclude defendants and their witnesses from offering or making mention of any PCR licensing notices or other disclaimers of liability as a defense to plaintiffs' claims of inducement of infringement of the PCR patents. Plaintiffs assert such argument and evidence are legally irrelevant and thus should be precluded as argument based on an incorrect legal premise would be irrelevant, unfairly prejudicial, and only serve to confuse the jury and increase the risk that the jury would reach a decision on an improper basis.

As set forth below, plaintiffs' motion [Doc. #762-7] is DENIED.

## **I. Background**

Defendants, in supplemental responses to plaintiff Applera's interrogatories, state, among other things, that they are not liable for inducing infringement of any of the patents-in-suit because:

MJ's relevant advertisements, promotional and marketing materials, brochures, instruction sheets, operation manuals and web site have always contained an appropriate PCR licensing notice informing end users, customers and prospective end users and customers that, in order to legally practice PCR, the end user and/or customer must first obtain an appropriate license from Plaintiffs and should contact Plaintiffs for further information.

See Cote Decl. [Doc. #784] Ex. 20 at 5 ¶ 1(r). One form of the licensing notice appears as:

... PCR is a process covered by patents owned by Hoffmann-LaRoche, Inc. Users should obtain license to perform the reaction.

See Cote Decl. [Doc. #787] Ex. 61 at PE 079513 (MJ Research Notebook Autumn 1994); see also Stern Decl. Ex. 25 at 1 (Circle Reader Service Card No. 93) ("One type of DNA Amplification - the polymerase chain reaction (PCR) - is a process covered by U.S. Patent 4,683,195. A license to perform PCR in any thermal cycling equipment is available from either Roche Molecular Systems of Branchburg NJ, or Perkin Elmer of Norwalk CT."). Historically, similar notices have been included in all advertisements and marketing materials promoting MJ thermal

cyclers for PCR. See Cote Decl. [Doc. #784] Ex. 19 (Hansen Depo.) at 343-45.

## **II. Parties' Arguments**

### **A. Plaintiff**

Applera urges that disclaimers such as patent or licensing notices, warnings against infringing use, and instructions for non-infringing use, do not as a matter of law absolve a party of liability for inducing infringement where the materials including such disclaimers otherwise encourage infringing use, citing, among other authorities, Uniform Jury Instructions for Patent Cases in the United States District Court for the District of Delaware, Instruction 3.6 ("Inducing Patent Infringement" - "You may find that defendant induced infringement even if there is an express warning against the infringement, if the material containing the warning nonetheless invites the infringing activities under the circumstances.") and American Intellectual Property Law Association's Model Claim Construction and Infringement Instruction No. 6, "Inducing Patent Infringement" ("You may find that [the defendant] induced infringement if there is an express warning against the infringement, if the material containing the warning nonetheless invites the infringing activities under the circumstances").

Applera further maintains that MJ's contention that its use

of the disclaimer shows that it did not intend to encourage or cause customers to perform unlicensed PCR is legally irrelevant because the intent required of the accused inducer is intent to cause the acts that constitute infringement or cause a third party to act in a manner that is found to be direct infringement, not the intent to cause a legal wrong, citing Moba, B.V. v. Diamond Automation, Inc., 325 F.3d 1306, 1318 (Fed. Cir. 2003) and Hewlett-Packard Co. v. Bausch & Lomb Inc., 909 F.2d 1464, 1469 (Fed. Cir. 1990). Thus, according to Applera, "regardless whether MJ intended to encourage customers to obtain necessary authorizations to avoid infringement of Applera's PCR patent rights, MJ would have the requisite intent to cause the **acts**, i.e., the performance of automated PCR, found to constitute infringement and would therefore still be liable for any **unauthorized** performance of PCR by its customers who did not understand or heed its warning notice included in MJ's inducing materials." Mem. [Doc. #772-7] at 4-5 (emphasis in original).

## **B. Defendants**

Defendants argue that the model jury instructions cited by plaintiffs direct the jury to evaluate the effectiveness of a patent license notice by considering whether "the material containing the warning nonetheless invites the infringing activities under the circumstances." They conclude that the

instructions stand for the proposition that the use and effectiveness of a patent license notice or disclaimer in advertising and marketing materials in determining whether a party has the requisite intent to actively induce infringement is a question of fact for the jury.

Defendants further argue that the legal relevance of their use of a licensing notice in advertising and marketing as a defense to an inducement of infringement claim is supported by Federal Circuit authority, which they claim requires plaintiffs to prove that defendants knew or should have known their actions would induce actual infringements. Defendants cite Ferguson Beauregard/Logic Controls v. Mega Sys., LLC, 350 F.3d 1327, 1342 (Fed. Cir. 2003); Warner-Lambert Co. v. Apotex Corp., 316 F.3d 1348, 1363 (Fed. Cir. 2003); Minn. Mining & Mfg. Co. v. Chemque, Inc. 303 F.3d 1294, 1305 (Fed. Cir. 2002); Mentor H/S, Inc. v. Med. Device Alliance, Inc., 244 F.3d 1365, 1379 (Fed. Cir. 2001); Hoover Group, Inc. v. Custom Metalcraft, Inc., 84 F.3d 1408, 1412 (Fed. Cir. 1996); and Manville Sales Corp. v. Paramount Sys., Inc., 917 F.2d 544, 553 (Fed. Cir. 1990). In the alternative, defendants maintain that even if the Court adopts the Hewlett-Packard general intent standard, the use and effectiveness of a patent license notice warning is still relevant, citing Lifescan, Inc. v. Can-Am Care Corp., 859 F. Supp. 392, 395-96 (N.D. Cal. 1994).

### C. Plaintiffs' Reply

Plaintiffs note defendants' agreement with the jury instructions cited by plaintiff - that inducement of infringement may be found even if there is an express warning against the infringement, if the material containing the warning nonetheless invites the infringing activities under the circumstances - and their concession that the mere inclusion of a patent license notice or disclaimer in advertising and marketing materials does not as a matter of law negate intent to induce infringement. Plaintiffs inaccurately conclude that defendants also concede that they may still be found liable for inducing infringement if plaintiffs show that the materials including the license notice or disclaimer otherwise encouraged the performance of PCR. Plaintiffs' perception emanates from their interpretation of the jury instruction in light of the inducement standard set forth in Hewlett-Packard, 909 F.2d 1464: "This statement of the law is consistent with the intent standard established in Hewlett-Packard..., which requires intent to cause the **acts** that constitute infringement, though not necessarily intent to cause actual infringement. Thus, an inducer cannot escape liability where the material containing an express warning against infringement also encourages the acts found to constitute infringement, i.e., 'nonetheless invites the infringing activities.'" Reply [Doc. #825] at 5-6.

To rebut defendants' reliance on Manville Sales and progeny's articulation of the intent standard for inducing infringement, plaintiffs invoke the Federal Circuit's rule that a prior panel decision controls over a later-decided case until overturned en banc, pointing out that Hewlett-Packard preceded Manville Sales and that none of the latter's progeny were en banc decisions. Plaintiffs thus urge the Court to disregard the decisions cited by defendants.

Plaintiffs offer policy reasons against adoption of the Manville Sales intent standard based on the proposition that it raises the intent standard under 271(b) to the level required to prove willful infringement:

A finding of willfulness, and award of up to treble damages, requires consideration of the totality of circumstances, thus a would-be willful infringer may avoid enhanced damages by demonstrating that he or she exercised due care to avoid infringement. *See, e.g. SRI Int'l, Inc. v. Adv. Tech. Labs., Inc.*, 127 F.3d 1462, 1465 (Fed. Cir. 1997). Reliance on advice of counsel is typically one such circumstance to be considered; including license notices or disclaimers such as MJ's could potentially be another. Allowing a would-be willful infringer to escape treble damages, however, is quite different from allowing a would-be inducer to escape any liability at all. Yet applying the willfulness standard to inducement in the way MJ suggests would have the effect of allowing would-be inducers to escape liability for inducing infringement merely by inserting a boilerplate disclaimer or license notice. A corporation could thus easily escape liability for inducing infringement of method or combination patents that are infringed only by end-users, leaving the patentee, unlikely to pursue individual direct infringers, with no economically or commercially feasible means of enforcing the patent.

Reply [Doc. #825] at 8-9.

### III. Discussion

Hewlett-Packard and Moba, cited by plaintiffs, do not justify plaintiffs' position that the Court should disregard the Federal Circuit's opinions in Manville Sales, Ferguson, Warner-Lambert, Minnesota Mining, Mentor, and Hoover with respect to the requisite intent required for liability under 35 U.S.C. § 271(b). Of the seven post-Hewlett-Packard Federal Circuit cases cited by the parties, only Minnesota Mining even hints at a conflict on the intent element between Manville Sales and Hewlett-Packard, doing so by means of a but see citation before conducting a 271(b) analysis under Manville Sales.<sup>1</sup> Manville Sales itself perceived no conflict with the earlier decided Hewlett-Packard, citing it as partial support for its intent test. See Manville Sales, 917 F.2d at 553 ("The plaintiff has the burden of showing that the alleged infringer's actions induced infringing acts and that he knew or should have known his actions would induce actual infringement. ... see also Hewlett-Packard Co.....") (emphasis in original). Warner-Lambert concurred with this synthesis. See Warner-Lambert, 316 F.3d at 1363 ("To succeed on this theory, a plaintiff must prove that the defendants' 'actions induced infringing acts and that [they] knew or should have known [their] actions would induce actual infringement.' Manville Sales ....

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<sup>1</sup> Minnesota Mining, 303 F.3d at 1305 ("In order to succeed on a claim of inducement, the patentee must show ... that the alleged infringer knowingly induced infringement and possessed specific intent to encourage another's infringement. Manville ... But see Hewlett-Packard....").



'Proof of actual intent to cause the acts which constitute the infringement is a necessary prerequisite to finding active inducement.' *Hewlett-Packard*...."); see also Hoover, 84 F.3d at 1412. Ferguson, decided eight months subsequent to Moba and by a panel with one overlapping member (Circuit Judge Rader), explicitly rejected the position plaintiffs would now have the Court adopt:

Ferguson argues that the district court should have applied a less stringent test for inducement liability, requiring that the officer be aware only of his activities, not necessarily aware that his activities amounted to infringement. In support of this less stringent test, Ferguson cites a number of district court cases that are not binding on this court. Not only are the cases cited by Ferguson not binding on this court, they are contradicted by our precedent. *See, e.g., Micro Chem.*, 194 F.3d at 1261 ("Officers of an allegedly infringing corporation can be held personally liable for actively inducing infringement under 35 U.S.C. § 271(b) only if they 'knew or should have known [their] actions would induce actual infringement.'" (quoting *Manville Sales*, 917 F.2d at 533)).

Ferguson, 350 F.3d at 1342.

Finally, plaintiffs' talismanic invocation of Moba and insistence that Moba "announced" the Hewlett-Packard standard to be the proper one and "made clear" that it differed from the standard of Manville Sales, see Reply [Doc. #825] n.1, is misplaced. Far from an exhaustive discussion of the conflict and resolution as plaintiffs characterize it, the actual inducing infringement discussion in Moba occupies barely more than one page and does not mention Manville Sales or its progeny or otherwise indicate that a conflict may exist. See Moba, 325 F.3d

at 1318.

The answer to the Hewlett-Packard/Manville Sales conundrum, if one exists, may lie in Hewlett-Packard's conclusion that proof of actual intent to cause the acts which constitute the infringement is a "necessary prerequisite to finding active inducement." See Hewlett-Packard, 909 F.2d at 1469 (emphasis added). Because the Hewlett-Packard decision found that necessary threshold level of proof lacking, see id. at 1469-70, it did not have occasion to explicate the full contours of what proof beyond that prerequisite would be sufficient before liability can attach under 35 U.S.C. § 271(b). This explication was subsequently completed by Manville Sales. This appears to be the way the Warner-Lambert panel harmonized the two cases. Thus, the appellate first-decided case rule is inapposite and provides no basis for disregarding more recent Federal Circuit decisions. Inasmuch as the Court is bound by the Manville Sales precedent, it cannot consider plaintiffs' policy arguments proposing deviating from it, and thus undertakes no examination of them. Accordingly, the Manville Sales standard will be applied and defendants may offer evidence and argument at trial on their defense that their inclusion of a disclaimer in their advertising and marketing materials demonstrated they lacked the intent required for liability for inducing infringement under 35 U.S.C. § 271(b).

#### **IV. Conclusion**

For the reasons set forth above, plaintiffs' motion [Doc. #762-7] is DENIED as moot in light of defendants' acknowledgment that the use of a disclaimer does not as a matter of law negate the requisite intent for inducing infringement, and DENIED on the merits as the Manville Sales standard will be followed at trial.

IT IS SO ORDERED.

/s/

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Janet Bond Arterton, U.S.D.J.

**Dated at New Haven, Connecticut, this 23<sup>rd</sup> day of February 2004.**