



## U.S.I.T.C. May Not Issue Exclusionary Order Due to Induced Infringement When Direct Infringement Occurs Only After Importation

Oct 21, 2014

Reading Time : **2 min**

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The complainant, Cross Match Techs., Inc. (Cross Match), asserted that respondents Suprema, Inc. (Suprema) and Mentalix, Inc. (Mentalix) infringed three patents directed to biometric scanning technology by importing certain optical scanners. Suprema is a Korean company that manufactures hardware and software for scanning fingerprints. Mentalix, a domestic company, imports Suprema's scanners and adds its own software. The ITC found that Mentalix directly infringed the method claims of one patent after importation by combining its software with Suprema's scanners, and that Suprema induced this infringement. Accordingly, it issued an exclusionary order against Suprema's scanners.

On appeal, Suprema argued that it did not import "articles that infringe" as required by § 337(a)(1)(B)(i). Cross Match conceded that the imported articles do not directly infringe the method claims at the time of importation. However, both Cross Match and the ITC argued that "articles that infringe" can involve any type of infringement, whether direct, induced, or contributory infringement.

The Federal Circuit applied the *Chevron* standard to determine if the scope of the ITC's power was clearly granted by statute. If the scope of power was ambiguous, then the Federal Circuit would determine if the ITC's interpretation of the statute was reasonable. After reviewing § 337(a)(1)(B)(i), the Federal Circuit determined that statutory authority given to the ITC clearly extended only to articles that infringe at the time of importation. Thus, exclusionary orders must be based on the infringing nature of that article when imported. Further, the Federal Circuit noted case law holding that inducement of infringement can only

occur if an act of direct infringement occurs. Because the scanners did not infringe by themselves, no direct act of infringement occurred at the time of importation. Further, because direct infringement only occurred when combined with Mentalix's software, any direct infringement was based on the intent of a party postimportation and not inherent to the article itself. Accordingly, the Federal Circuit held that the ITC lacked authority to issue an exclusionary order on the scanners and vacated the order against Suprema.

On May 13, 2014, the Federal Circuit agreed to rehear the appeal en banc and vacated its earlier December 13, 2013 decision. Oral arguments are expected to occur this fall.

*Suprema, Inc. v. U.S.I.T.C.*, 742 F.3d 1350 (Fed. Cir. 2013).

## Categories

International Trade Commission

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