

POWER INTEGRATIONS, INC. v. FAIRCHILD SEMICONDUCTOR INTL. INC., Appeal Nos. 2015-1329, 2015-1388 (Fed. Cir. December 12, 2016). Before Prost, Schall and Chen.
Appealed from D. Del. (Judge Stark).

Background:

Power Integrations and Fairchild Semiconductor (direct competitors in the power supply controller chip market) asserted patents against each other. Jury verdicts resulted in liability against each party. The jury found that Power Integrations' Patent Nos. 6,107,851 and 6,249,876 were not anticipated and were directly and indirectly infringed by Fairchild and that Fairchild's Patent No. 7,259,972 was not obvious and was infringed by Power Integrations under the doctrine of equivalents (but was not literally infringed or indirectly infringed by Power Integrations). The jury also found Power Integrations' Patent No. 7,834,605 neither anticipated nor obvious. Following trial, the district court granted judgment as a matter of law that Fairchild directly infringed this patent. The district court granted a permanent injunction against Fairchild and declined to grant an injunction against Power Integrations. Fairchild appealed and Power Integrations cross-appealed on various issues relating to the jury verdict, including anticipation, obviousness, claim construction, inducement and the injunctions.

Issue/Holding:

Was the jury's verdict of inducement in error? Yes, vacated.

Discussion:

The indirect infringement issue involved 35 U.S.C. § 271(b) that states "[w]hoever actively induces infringement of a patent shall be liable as an infringer." An inducement claim under this section requires some type of action by the alleged inducer to encourage acts by a third party, an awareness that the third party's acts would infringe a patent and actual direct infringement by a third party. There was a lengthy jury instruction on this issue, the relevant portion being: "In order to establish active inducement of infringement, it is not sufficient that others directly infringe the claim. Nor is it sufficient that the party accused of infringement was aware of the acts by others that directly infringe. Rather, in order to find inducement, you must find that the party accused of infringement intended others to use its products in at least some ways that would infringe the asserted claims of the patent. However, that infringement need not have been actually caused by the party's actions. All that is required is that the party took steps to encourage or assist that infringement, regardless of whether that encouragement succeeded, or was even received."

The Federal Circuit held that the instruction left the jury with the incorrect understanding that a party may be liable for induced infringement even where it does not successfully communicate with and induce a third-party direct infringer. Inducement requires successful communication between the alleged inducer and the third-party direct infringer, and a finding of actual inducement.