

## ALERT

## Federal Circuit Patent Bulletin: *Warsaw Orthopedic, Inc. v. NuVasive, Inc.*

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June 3, 2016

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On June 3, 2016, in *Warsaw Orthopedic, Inc. v. NuVasive, Inc.*, the U.S. Court of Appeals for the Federal Circuit (Lourie, Dyk,\* Reyna), on remand from the U.S. Supreme Court, affirmed-in-part, vacated-in-part and remanded-in-part the district court's judgment that Medtronic Sofamor Danek USA (MSD) induced infringement of U.S. Patent No. 7,470,236, which related to a method for detecting the presence of and measuring distance to a nerve during surgery. The Federal Circuit stated:

The only question here is whether there was substantial evidence for the jury to conclude that MSD induced infringement of NuVasive's '236 patent. [P]roof of induced infringement requires not "only knowledge of the patent" but also "proof the defendant knew the [induced] acts were infringing." [W]illful blindness can satisfy the knowledge requirement for active inducement under § 271(b) (and for contributory infringement under § 271(c)), even in the absence of actual knowledge. [K]nowledge of infringement can be inferred from circumstantial evidence. . . . [W]e held that substantial evidence supported the jury's finding of direct infringement of claim 1 of the '236 patent by surgeons using MSD's device, the "NIM-Eclipse." That determination is not reopened by the Supreme Court's remand. . . .

There is no dispute that the jury was correctly instructed as to the standard for induced infringement under *Global-Tech* (and *Commil*). The jury was instructed that it was NuVasive's burden to prove that "the alleged infringer knew or was willfully blind to the fact that the induced acts constituted patent infringement of at least one patent claim," in addition to the other elements of induced infringement. MSD does not dispute that the jury was correctly instructed as to the relevant claim limitations of the '236 patent and as to NuVasive's burden to prove infringement by a preponderance of the evidence.

Thus, the question before us now is a limited one: whether the jury was presented with substantial evidence that MSD knew (or was willfully blind to the fact) that it was instructing doctors to infringe the '236 patent. MSD acknowledges that its "challenge is to the sufficiency of the evidence that it indirectly infringed." In the earlier appeal we did not address that question explicitly, stating only that "[t]here was evidence that MSD was aware of the patent prior to the litigation and that MSD specifically taught doctors to use the product during

the surgical procedures in an infringing manner.” We now address the question. We must sustain the jury’s verdict if there was substantial evidence before the jury to support an inference that MSD knew (or was willfully blind to the fact) that doctors’ use of its device infringed the ’236 patent.

MSD argues that no reasonable jury could have inferred from the evidence before it that MSD had knowledge of (or was willfully blind to) its customers’ infringement of the ’236 patent. However, here we conclude that there was substantial evidence that MSD’s infringement position was objectively unreasonable and that the jury, based on this evidence, could reasonably have concluded that MSD had knowledge (or was willfully blind to the fact) that it was infringing.

The central premise of MSD’s non-infringement position is that it reasonably construed narrowly the “stopping” limitation of the claims of the ’236 patent to require a complete termination of emission of any and all electrical pulses. “Stopping the emission of the signal thus means the electrode – i.e., the device – must stop emitting any signal, which indisputably is not what occurs when a NIM-Eclipse device detects a nerve.” After the NIM-Eclipse emits a stimulus signal that detects a nerve, it continues emitting electrical pulses at a lower energy rather than stopping emission of all electrical signals. MSD argues that this property of the NIM-Eclipse led MSD to believe that the device did not infringe the ’236 patent. . . .

[T]here is no support in the language of claim 1 of the ’236 patent or its prosecution history to support MSD’s position that infringement of the “stopping” limitation requires complete termination of any and all electrical stimulus pulses from a nerve-probing device. Claim 1 recites “stopping the emission of said stimulus signal,” not stopping the emission of all electrical signals. In any event, MSD’s effort at this late stage amounts to a request for a revised claim construction that it never sought. That is improper, as we previously ruled in our earlier opinion. Moreover, claim construction is, of course, ultimately a question of law that must be left to the court, not the jury. [I]t is improper for juries to hear conflicting expert testimony on the correctness of a claim construction, given the risk of confusion.

Turning to the issue that is properly before us, undisputed evidence before the jury showed that, immediately after nerve stimulation, the NIM-Eclipse reduced the strength of the electrical stimulus pulses it emitted to a level that was not capable of stimulating the nerve that had provided the neuromuscular response. In other words, the “said stimulus signal” emitted by the NIM-Eclipse was stopped immediately after the neuromuscular response was detected.

MSD does not dispute that whenever the NIM-Eclipse device emits a “stimulus signal” at the threshold intensity sufficient to elicit a nerve response, the next pulse is emitted at lower intensity. As such, the record shows that “said stimulus signal” as construed by the court—the electrical signal for eliciting a neuromuscular response, capable of stimulating the nerve being probed—“stops” immediately after the response is detected, just as the claims of the ’236 patent require. This evidence was before the jury, and the jury could reasonably have concluded that MSD had the requisite knowledge of infringement.

Given the strength of the evidence NuVasive presented, a reasonable jury could have concluded that MSD must have known that its NIM-Eclipse device “stopped” emitting “said stimulus signal” immediately after that signal elicited a neuromuscular response. MSD’s knowledge of the ’236 patent is undisputed. As such, under these circumstances, a reasonable jury could have concluded that MSD’s non-infringement position was objectively unreasonable and that MSD must have known that NIM-Eclipse meets the limitations of the claims of the ’236 patent. A reasonable jury could therefore have inferred that MSD must have known, or was willfully blind to the fact, that doctors using the device infringe those claims.