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When Is A Sale Considered 'Within The US' Under Patent Act?

By **Georg Reitboeck** (April 25, 2022, 6:26 PM EDT)

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Under Section 271(a) of the U.S. Patent Act, the sale of a patented invention is only patent infringement if it occurs "within the United States."[1]

The seemingly basic question of when a sale is considered "within the United States" has led to much confusion and little predictability. The importance of the issue is pronounced for foreign supply companies selling directly to a U.S. buyer, or selling into a U.S. company's international supply chain.

The Vague Standards Under the Current Case Law

The starting point of the analysis is the presumption against extraterritoriality applying to U.S. patent law

> the general rule under United States patent law that no infringement occurs when a patented product is made and sold in another country.[2]

"The presumption that United States law governs domestically but does not rule the world," the U.S. Supreme Court explained in the 2007 Microsoft Corp. v. AT&T Corp. decision, "applies with particular force in patent law."[3]

That said, under the current case law, no single factor determines whether a sale is considered "within the United States" or not. As the U.S. Court of Appeals for the Federal Circuit explained in the 2015 Carnegie Mellon University v. Marvell Tech Group Ltd. decision:

> [t]he standards for determining where a sale may be said to occur do not pinpoint a single, universally applicable fact that determines the answer, and it is not even settled whether a sale can have more than one location.[4]

"Places of seeming relevance," the court stated, "include a place of inking the legal commitment to buy and sell and a place of delivery, and perhaps also a place where other 'substantial activities of the sales transactions' occurred."[5]

The vague and open-ended standard of whether there were "substantial activities of a sales transaction" in the United States[6] — which the Federal Circuit called "the key question" in the Feb. 4 California Institute of Technology v. Broadcomm Ltd. decison[7] — allows for little predictability.

Three cases involving the international supply chains of U.S. companies and similar kinds of related framework agreements illustrate the murky boundaries.

First, take the 2016 Halo Electronics Inc. v. Pulse Electronics Inc. decision of the Federal Circuit.[8] Defendant Pulse supplied electronic components to Asia-based contract manufacturers of U.S.-based Cisco Systems Inc.

In addition to a general agreement on issues like manufacturing capacity, Cisco and Pulse periodically agreed upon component prices. Applying those prices, Cisco's contract manufacturers would then order components from Pulse by sending purchase orders to Pulse's sales offices outside the U.S.

Pulse then delivered the products from its manufacturing facility in Asia to the contract manufacturers, also located in Asia.

The Federal Circuit affirmed the district court's summary judgment finding no sale within the United States. It held that

> when substantial activities of a sales transaction, including the final formation of a contract for sale encompassing all essential terms as well as the delivery and performance under that sales contract, occur entirely outside the United States, pricing and contracting negotiations in the United States alone do not constitute or transform those extraterritorial activities into a sale within the United States for purposes of Section 271(a).[9]

"While Pulse and Cisco engaged in quarterly pricing negotiations for specific products," the court explained,

> the negotiated price and projected demand did not constitute a firm agreement to buy and sell, binding on both Cisco and Pulse. Instead, Pulse received purchase orders from Cisco's foreign contract manufacturers, which then firmly established the essential terms including price and quantity of binding contracts to buy and sell. Moreover, Pulse was paid abroad by those contract manufacturers, not by Cisco, upon fulfillment of the purchase orders. Thus, substantial activities of the sales transactions at issue, in addition to manufacturing and delivery, occurred outside the United States.[10]

Second, take MediaTek Inc. v. Freescale Semiconductor Inc.[11] Defendant Freescale Semiconductor had a standard sales agreement with a U.S.-based subsidiary of Amazon.com Inc., negotiated and executed in the U.S.

The agreement listed Amazon as the buyer, stated that it "governs all product purchases made by Authorized Purchasers … from Freescale," and that "Freescale will sell to Authorized Purchasers, and Authorized Purchasers will buy from Freescale, products from time to time."

Authorized purchasers included Amazon itself as well as designees, such as Asia-based Foxconn.

Prices were set forth in an attachment to the agreement, and the agreement stated that Freescale would not provide any designee any rebates or discounts without Amazon's consent. Certain of Freescale's accused chips were manufactured outside the U.S., sold to Foxconn outside the U.S., and incorporated by Foxconn into Amazon Kindle products outside the U.S.

Nevertheless, in 2014, the U.S District Court for the Northern District of California denied summary judgment of noninfringement. The court pointed out that while Foxconn received the products in China for incorporation into Amazon Kindles manufactured there, Foxconn purchased those products pursuant to the Freescale-Amazon agreement; Amazon controlled the pricing terms for all designees and specifically restricted Freescale's ability to negotiate pricing with those designees directly.[12]

"The delegation of authority to issue purchase orders," the court explained, "does not change the fact that every sale thereunder is subject to the terms and conditions in the Agreement."[13] The agreement would provide "tangible evidence of a sales relationship between two U.S. companies, not merely 'some pricing discussions' as existed in Halo."[14]

Finally, in Lake Cherokee Hard Drive Technologies LLC v. Marvell Semiconductor Inc.[15] U.S.-based defendant Marvell Semiconductor competed for, and obtained, "design wins" with U.S.-based customers, whereupon the customer would buy all requirements for a particular chip from Marvell for a particular end-product; the agreement on specification and price would be memorialized in a product supply agreement.

Based on such a product supply agreement, companies abroad would place purchase orders for specific quantities, with the ordered chips then being manufactured and delivered to third parties outside the United States.

The U.S. District Court for the Eastern District of Texas found in 2013 as a matter of law, that such sales could not be considered "within the United States" under Section 271(a). The court explained that

> [t]o hold otherwise would convert the act of entering into a product supply agreement within the United States into a springboard for liability each time a purchase order is subsequently placed and fulfilled entirely abroad and where the accused product at no time enters the domestic United States market.[16]

A contract between two U.S. companies, negotiated and executed within the United States, but for delivery and performance outside the U.S., would not constitute a sale under Section 271(a), the court held.[17]

In all three cases, the commercial mechanisms were similar: Based on domestic pricing agreements between the respective defendant and the respective U.S. company — economically speaking the real customer the defendant was competing for — contract manufacturers abroad issued purchase orders to the defendant, who then delivered the accused products abroad.

Yet, the courts focused on different aspects:

- The MediaTek court emphasized that the domestic agreement governed the purchase orders and denied summary judgment of noninfringement;
- The Lake Cherokee court emphasized that the domestic agreement was for delivery and performance outside the U.S. and therefore not a sale within the U.S.; and
- The Halo court, in turn, emphasized that the domestically negotiated price did not constitute a "firm agreement to buy and sell," finding no sale within the U.S.

The Transfer of Title Should Be the Controlling Factor

In the big picture, the guideposts for determining where a sale occurs remain fluid and elusive. The Federal Circuit never articulated a concise standard; to the contrary, as recently as in Carnegie Mellon, it expressly declined to provide one: "At this point, we do not settle on a legal definition or even to say whether any sale has a unique location."[18]

One fact pattern, however, was repeatedly and unambiguously — and, in my opinion, wrongly — addressed: Shipment of the allegedly infringing product free on board, and thus transfer of title, outside of the U.S. does not, in and of itself, constitute a sale outside of the U.S. and avoid liability. The genesis of this principle merits a closer look.

In North American Philips Corp. v. American Vending Sales Inc.,[19] the Federal Circuit in 1994 addressed the location of a sale in the context of personal jurisdiction, not liability under the Patent Act. The defendants sold the allegedly infringing products to buyers in Illinois, but shipped the products free on board in Texas and California.

The court explained that "'[f]ree on board' is a method of shipment whereby goods are delivered at a designated location, usually a transportation depot, where legal title and thus the risk of loss passes from seller to buyer."[20]

Finding that the Illinois district court had jurisdiction, the Federal Circuit emphasized the location of the buyers, holding that "to sell an infringing article to a buyer in Illinois is to commit a tort there (though not necessarily only there)."

Citing the Supreme Court's 1985 Burger King Corp. v. Rudzewicz decision on personal jurisdiction,[21] the court stated that "[t]o hold otherwise would exalt form over substance in an area where the Supreme Court generally has cautioned against such an approach."[22]

The court expressly rejected the proposition that the place where legal title passes controls, stating that "appellee has failed to explain why the criterion should be the place where legal title passes rather than the more familiar places of contracting and performance" — again citing Burger King — and that "[a]ppellees have pointed to no policy that would be furthered by according controlling significance to the passage of legal title here."[23]

In the 2008 Litecubes LLC v. Northern Light Products Inc. decision,[24] the Federal Circuit addressed a similar scenario in the context of liability under Section 271 of the Patent Act. The Canadian defendant "sold and shipped the allegedly infringing products directly to customers located in the United States" but "the products were shipped f.o.b., and thus title over the goods were transferred while the goods were still in Canada."[25]

Relying on North American Philips, the court found substantial evidence to support the jury's conclusion that the defendant sold the accused products within the United States.

It acknowledged that North American Philips dealt with personal jurisdiction, but summarily denied that that would make a difference:

While North American Philips dealt with the issue of where a "sale" took place under Section 271 in the context of personal jurisdiction, we see no basis for construing the location of a "sale" differently when the issue is whether the plaintiff has established that the sale took place within the United States for the purposes of infringement.[26]

In the 2010 SEB v. Montgomery Ward & Co. decision, the Federal Circuit relied on Litecubes to reject the argument that sales with product delivery free on board in Hong Kong or China were overseas sales.[27] Various district court decisions followed North American Philips or Litecubes, rejecting analogous "f.o.b.-defenses."[28]

In light of the presumption against extraterritoriality, rejecting title transfer as the key factor for the location of a sale is not, in my opinion, consistent with the Patent Act.

On several occasions, the Federal Circuit noted that Section 271(a) does not define the term "sells;" it therefore looked to the "ordinary meaning" of the term "sale," citing the definition in Black's Law Dictionary: "1. The transfer of property or title for a price. 2. The agreement by which such a transfer takes place."[29]

The court also referred to Article 2 of the Uniform Commercial Code — "recognized as a persuasive authority on the sale of goods" — which "provides that '[a] 'sale' consists in the passing of title from the seller to the buyer for a price.'"[30]

But despite acknowledging these definitions, the court interpreted the term "sells" in Section 271(a) much broader that what is reflected in the definitions; it included factors in the analysis that are not part of the ordinary meaning of "sale," such as the location of the buyer in the "free on board" cases.

When the Federal Circuit refused to "accord[] controlling significance to the passage of legal title" in North American Philips, it did so in the context of personal jurisdiction — an area in which the Supreme Court cautioned against "mechanical" tests.[31]

In the context of liability under the Patent Act, however, the presumption against extraterritoriality, which "applies with particular force in patent law,"[32] points in the other direction — a narrow reading of the statutory text. The Federal Circuit did not address this important difference when it decided Litecubes.[33]

Instructive is Microsoft, where the Supreme Court invoked the presumption against extraterritoriality in narrowly reading Section 71(f) and reversing the Federal Circuit's policy-driven, broad interpretation of that section. Section 271(f) deems it an infringement when one "supplies … from the United States, for "combination" outside of the U.S., a patented invention's components.

The Supreme Court expressly noted that it would "construe §271(f)'s terms 'in accordance with [their] ordinary or natural meaning.'"[34] Microsoft concerned the applicability of Section 271(f) to computer software first sent from the U.S. to a foreign manufacturer on a master disk, or by electronic transmission, then copied by the foreign recipient for installation on computers made and sold abroad.[35]

The presumption against extraterritoriality, the Supreme Court explained,

> tugs strongly against construing § 271(f) to encompass as a "component" not only a physical copy of software, but also software's intangible code, and to render "supplie[d] ... from the United States" not only exported copies of software, but also duplicates made abroad.[36]

The rationale the Supreme Court expressed in Microsoft supports a narrow reading of the term "sells" in Section 271(a): In light of the presumption against extraterritoriality, only the ordinary meaning of "sale," as reflected in the mentioned definitions, should be relevant — to the exclusion of factors beyond the ordinary meaning.

Under the first Black's Law Dictionary definition ("The transfer of property or title for a price") as well as Article 2 of the UCC ("the passing of title from the seller to the buyer for a price"), it is the transfer of title to the allegedly infringing product — the alleged "patented invention" — that is the linchpin of a "sale" for purposes of Section 271(a).

The second Black's Law Dictionary definition refers to the "agreement by which such a transfer takes place," which raises the question of what the location of a "sale" under that understanding is — the location where the agreement is executed or the location of the title transfer contemplated in the agreement?

A useful scenario for that question is an agreement, executed in the U.S., for transfer of title to the accused product outside of the U.S. (and where the accused product may never be physically present in the U.S. at all). In light of the presumption against extraterritoriality, it would seem problematic to find a sale within the U.S. in this scenario — a point the Lake Cherokee court made in the context of a product supply agreement.[37]

The reverse is not true. An agreement to transfer title to a product in the U.S. seems well within the boundaries of U.S. patent law, even if the agreement was executed abroad.

Indeed, in the 2010 Transocean Offshore Deepwater Drilling Inc. v. Maersk Contractors USA Inc. decision, the Federal Circuit held that "a contract between two U.S. companies for the sale of the patented invention with delivery and performance in the U.S. constitutes a sale under § 271(a) as a matter of law," even though the contract was negotiated and signed while the two U.S. companies were abroad.[38]

In light of the presumption against extraterritoriality, therefore, the better approach seems to be to focus on the location of the contemplated title transfer, not the one of the execution of the agreement.

In sum, the location of title transfer should be, in my opinion, the controlling factor in whether a sale occurred "within the United States" under Section 271(a) of the Patent Act.

While there may be policy arguments for a more flexible, overall assessment of "substantial activities of a sales transaction" or a focus on the buyer's location, nothing in Section 271(a) calls for either approach. Under the current statute, the transfer of title is the critical factor.

Moreover, it can serve that function well; transfer of title usually has a specific time and location under the applicable rules of contract law, allowing for consistent and predictable decisions.

If transfer of title controlled under Section 271(a), courts would have likely found no direct infringement in any of the "free on board" cases described above.

In the context of "free on board" contracts, a distinction is made between, on the one hand, "f.o.b. place of shipment" contracts, in which the seller must put the goods in the hands of a carrier at the designated place, and on the other hand, "f.o.b. place of destination" contracts, in which the seller must transport the goods to that place and tender delivery of them there.[39]

While not expressly described as such, the "free on board" cases described above seemed to have involved "free on board" place of shipment contracts. Unless otherwise agreed, in a "free on board" place of shipment contract, title passes at the time and place of delivery to the carrier.[40]

Under the narrow reading of Section 271(a) described above, the "free on board" location is thus where the "sale" occurs. The carrier then transports the goods to the buyer "acting as an agent or bailee of the buyer."[41]

And while some of the "free on board" cases emphasize that the goods were shipped "directly to customers located in the United States,"[42] or that the invoices for the goods identified U.S. destinations for delivery,[43] the mere fact that the seller directs the carrier to ship the goods to the customer — e.g., by way of "ship to" labels — does not turn a shipment contract into a destination contract.[44]

Of course, reading "sale" under Section 271(a) narrowly to refer only to title transfer does face considerable policy objections. Indeed, in North American Philips, the Federal Circuit stated that "[a]ppellees have pointed to no policy that would be furthered by according controlling significance to the passage of legal title here."

There are certainly good arguments that the buyer's location should be the key factor, since that would account for the economic reality that sellers compete for customers in the U.S. But the wording of the statute, coupled with the presumption against extraterritoriality, leaves little room for such an interpretation of the law.

Concerns that the statute is formalistic or creates loopholes should be addressed by the legislator.[45]

Furthermore, a narrow reading of Section 271(a) does not leave the patent owner without remedies.

First, if the patent owner desires to prevent sales of the patented invention in foreign countries, it can obtain and enforce foreign patents.[46]

Second, if the accused product enters the U.S., the patent owner can enforce its patent against the importer. E.g., when the seller delivers the accused product free on board outside the U.S., and a shipping company then ships the product, as the buyer's agent, from the "free on board" point to the buyer in the U.S., it is usually the buyer who is the importer.[47]

And after importation, the patent owner can sue the buyer for any use or resale of the accused product in the U.S. Of course, in many constellations, in particular when the patent owner and seller compete for the buyer's business, the patent owner will be reluctant to sue not the seller (its competitor) but the buyer (its potential customer).[48]

But that is an issue of business strategy, not a factor in the legal assessment. Moreover, sellers and buyers can — if they do not agree on a title transfer within the U.S. in the first place — contractually shift the liability risk and duty to defend to the seller by way of an indemnification agreement.

If Section 271(a) is narrowly read as outlined above, the use of such agreements would likely increase, which in turn would reduce a patent owner's reluctance to sue the buyer.

The Federal Circuit will soon encounter the above-described, narrow reading of Section 271(a) in Pulse Electronics Inc. v. U.D. Electronic Corp.[49]

The Taiwan-based defendant sold allegedly infringing products to a U.S. company free on board in Hong Kong. Some of the invoices showed a U.S. "bill to" address and, below listing the "freight forwarder," a U.S. "ship to" address. The district court found, in my opinion correctly, no sales within the U.S.

It mainly based its decision on the location of the transfer of title, as determined under the law it found applicable to the sales contract, the United Nations Convention of Contracts for the International Sale of Goods.

The court stated that

> determining the place of sale requires determining where title passed, which requires determining where the risk of loss passed. When a delivery term is F.O.B., the "goods are delivered at a designated location, usually a transportation depot, at which legal title and thus the risk of loss passes from seller to buyer."[50]

Noting that, in the case at hand, the "free on board" invoices failed to indicate whether they were shipment or destination contracts, the court concluded that

> [u]nder either a shipment contract or destination contract, title passed to the buyers of Defendant's products either at the place of destination — i.e., Hong Kong — or the place of shipment — also Hong Kong. As a result, under the CISG — as well as UCC — the place of sale was in China, not the U.S., and Section 271 does not apply to create liability for Defendant for direct infringement.[51]

Oral argument in the Federal Circuit in Pulse is scheduled for May 4.

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[1] 35 U.S.C. §271(a) ("Except as otherwise provided in this title, whoever without authority makes, uses, offers to sell, or sells any patented invention, within the United States or imports into the United States any patented invention during the term of the patent therefor, infringes the patent.").

[2] Microsoft Corp. v. AT & T Corp., 550 U.S. 437, 441 (2007); see also Dowagiac Mfg. Co. v. Minnesota Moline Plow Co., 235 U.S. 641, 650 (1915) ("The right conferred by a patent under our law is confined to the United States and its territories (Rev. Stat. § 4884, Comp. Stat. 1913, § 9428), and infringement of this right cannot be predicated of acts wholly done in a foreign country."); Deepsouth Packing Co. v. Laitram Corp., 406 U.S. 518, 527 (1972) ("The statute makes it clear that it is not an infringement to

make or use a patented product outside of the United States."); Rotec Indus., Inc. v. Mitsubishi Corp., 215 F.3d 1246, 1251 (Fed. Cir. 2000) ("These extraterritorial activities however, are irrelevant to the case before us, because '[t]he right conferred by a patent under our law is confined to the United States and its territories, and infringement of this right cannot be predicated of acts wholly done in a foreign country.'" (quoting Dowagiac)); MEMC Elec. Materials, Inc. v. Mitsubishi Materials Silicon Corp., 420 F.3d 1369, 1375 (Fed. Cir. 2005) ("It is well-established that the reach ofsection 271(a) is limited to infringing activities that occur within the United States."); Power Integrations, Inc. v. Fairchild Semiconductor Int'l, Inc., 711 F.3d 1348, 1371 (Fed. Cir. 2013) ("It is axiomatic that U.S. patent law does not operate extraterritorially to prohibit infringement abroad.").

[3] Microsoft, 550 U.S. at 454–55; see also Carnegie Mellon Univ. v. Marvell Tech. Grp., Ltd., 807 F.3d 1283, 1306 (Fed. Cir. 2015) ("The Supreme Court has confirmed that the patent laws, like other laws, are to be understood against a background presumption against extraterritorial reach."); Halo Elecs., Inc. v. Pulse Elecs., Inc., 831 F.3d 1369, 1377, 1378 (Fed. Cir. 2016) ("[O]ne must examine whether the activities in the United States are sufficient to constitute a 'sale' under§ 271(a), recognizing that a strong policy against extraterritorial liability exists in the patent law. … Any doubt as to whether Pulse's contracting activities in the United States constituted a sale within the United States under§ 271(a) is resolved by the presumption against extraterritorial application of United States laws."); Lake Cherokee Hard Drive Techs., L.L.C. v. Marvell Semiconductor, Inc., 964 F. Supp. 2d 653, 655 (E.D. Tex. 2013) ("Any doubt regarding whether conduct falls outside the purview of United States patent law should be resolved by the presumption against extraterritoriality." (citing Microsoft)).

[4] Carnegie Mellon, 807 F.3d at 1308.

[5] Id. (citations omitted).

[6] See already Halo, 831 F.3d at 1378; Texas Advanced Optoelectronic Sols., Inc. v. Renesas Elecs. Am., Inc., 895 F.3d 1304, 1330 (Fed. Cir. 2018).

[7] California Inst. of Tech. v. Broadcom Ltd., No. 2020-2222, 2022 WL 333669, at *12 (Fed. Cir. Feb. 4, 2022).

[8] Halo Elecs., Inc. v. Pulse Elecs., Inc., 831 F.3d 1369, 1374, 1377-79 (Fed. Cir. 2016) (on remand after Supreme Court's decision on willfulness, restating its reasoning on the issue of direct infringement in 769 F.3d 1371, 1377-81 (Fed. Cir. 2014)).

[9] Id. at 1378.

[10] Id.

[11] MediaTek Inc. v. Freescale Semiconductor, Inc., No. 11-CV-5341 YGR, 2014 WL 580836 (N.D. Cal. Feb. 13, 2014).

[12] Id. at *3.

[13] Id.

[14] Id. at *4.

[15] Lake Cherokee Hard Drive Techs., L.L.C. v. Marvell Semiconductor, Inc., 964 F. Supp. 2d 653 (E.D. Tex. 2013).

[16] Lake Cherokee, 964 F. Supp. 2d at 657.

[17] Id. However, the court then denied summary judgment of noninfringement with respect to a certain estimated percentage of the accused chips which "find their way into products of the third-party purchasers which are sold back into the United States domestic market." Id. at 658. The court did not elaborate on the reason why such downstream import into the United States made a difference. Several district courts disagreed with the Lake Cherokee-court on this point, see France Telecom S.A. v. Marvell Semiconductor Inc., 39 F. Supp. 3d 1080, 1101–02 (N.D. Cal. 2014); Ziptronix, Inc. v. Omnivision Techs., Inc., 71 F. Supp. 3d 1090, 1098 (N.D. Cal. 2014).

[18] Carnegie Mellon Univ. v. Marvell Tech. Grp., Ltd., 807 F.3d 1283, 1308 (Fed. Cir. 2015).

[19] N. Am. Philips Corp. v. Am. Vending Sales, Inc., 35 F.3d 1576, 1577-80 (Fed. Cir. 1994).

[20] Id. at 1578 n.2.

[21] Burger King Corp. v. Rudzewicz, 471 U.S. 462, 478-79 (1985)

[22] N. Am. Philips Corp. v. Am. Vending Sales, Inc., 35 F.3d 1576, 1579 (Fed. Cir. 1994).

[23] Id. at 1579-80.

[24] Litecubes, LLC v. N. Light Prod., Inc., 523 F.3d 1353, 1369-71 (Fed. Cir. 2008).

[25] Id. at 1369.

[26] Id. at 1370.

[27] SEB S.A. v. Montgomery Ward & Co., 594 F.3d 1360, 1375 (Fed. Cir. 2010) ("The only evidence on which Pentalpha relies to argue that its sales occurred overseas was that it delivered its products to Sunbeam, Montgomery Ward, and Fingerhut f.o.b. Hong Kong or mainland China. This court has 'rejected the notion that simply because goods were shipped f.o.b., the location of the 'sale' for the purposes of§ 271 must be the location from which the goods were shipped.'"(citing Litecubes,523 F.3d at 1370)).

[28] See Semitool v. Dynamic Micro Sys. Semiconductor Equip., No. 3:01-CV-01391-WHA, 2002 WL 34213426, at *7 (N.D. Cal. Sept. 5, 2002) ("Dynamic Micro's F.O.B. argument only addresses therisk of lossin commercial transactions. It is clear that Dynamic Micro and its United States customers intended that Dynamic Micro ship the Model 300 to them in this country.The F.O.B. freight terms merely went to when the risk of loss shifted during transport. For patent-law purposes, the risk of loss underlying a sales contract has little or no bearing on the situs of an allegedly infringing sale or offer to sell." (citing North American Philips)); Cequent Trailer Prod., Inc. v. Intradin (Shanghai) Mach. Co., No. 105-CV-2566, 2007 WL 438140, at *5 (N.D. Ohio Feb. 7, 2007) ("Intradin's "F.O.B. China" argument addresses only the risk of loss in commercial transactions. It is clear that Intradin and its United States customers intended that Intradin ship the accused infringing products to them in this country. The F.O.B. freight terms merely went to when the risk of loss shifted during transport. For patent-law purposes, the risk of loss

underlying a sales contract has little or no bearing on the situs of an allegedly infringing sale or offer to sell." (citing North American Philips)); Fellowes, Inc. v. Michilin Prosperity Co., 491 F. Supp. 2d 571, 577 (E.D. Va. 2007) ("The situs of infringement is determined according to the places of contracting and performance, not solely the place where legal title passes. … The location of passage of title, standing alone, without more, does not determine where a 'sale' or 'offer to sell' occurs for purposes of§ 271(a)." (citing North American Philips and MEMC)) ("Michilin's only attempt at a saving grace is that title passed 'FOB China,' but this does not overcome the evidence that an offer was accepted in Florida, where the price was agreed to, that Michilin dealt directly with Office Depot in Florida and sent commercial invoices to Florida, and that Office Depot directly paid Michilin, not any other entity. Michilin's direct sales to Office Depot were 'within the United States' under§ 271(a) as a matter of law."); Emerson Elec. Co. v. Suzhou Cleva Elec. Appliance Co., No. 4:13-CV-01043 SPM, 2015 WL 2179377, at *2 (E.D. Mo. May 8, 2015) ("Cleva Hong Kong argues that because all of its sales and contemplated sales to United States-based customers were for delivery FOB China, with title to the products transferred in China, it did not sell or offer to sell any goods within the United States. As Emerson points out, however, the Federal Circuit has squarely rejected the argument that an FOB location outside the United States establishes that a sale occurred outside of the United States." (citing Litecubes)); see also SignalQuest, Inc. v. Chou, No. 11-CV-392-JL, 2016 WL 738209, at *3 (D.N.H. Feb. 23, 2016) ("In the context of offers for sale, 'the location of the contemplated sale controls whether there is an offer to sell within the United States.' … Because the location of a sale is not limited to the location where legal title passes, it follows that an 'f.o.b' or 'ex works' term in an offer for sale does not conclusively establish that the sale would have occurred outside of the United States." (citation omitted)). In Fausett v. Pansy Ellen, Inc., No. CIV.A.1:87-CV2809MHS, 1990 WL 314092, at *3 (N.D. Ga. Apr. 6, 1990), decided before North American Philips, the court rejected the patent owner's argument that shipment of allegedly infringing goods f.o.b. inside the United States constituted sale within the United States.

[29] NTP, Inc. v. Rsch. In Motion, Ltd., 418 F.3d 1282, 1319 (Fed. Cir. 2005) (quoting Black's Law Dictionary 1337 (7th ed. 1999)) (emphasis added).

[30] Halo, 831 F.3d at 1378 (quoting U.C.C. §2-106) (emphasis added); see already Enercon GmbH v. Int'l Trade Comm'n, 151 F.3d 1376, 1381-82 (Fed. Cir. 1998) (determining the "ordinary meaning" of the term "sale," as used in section 337 of the Tariff Act (19 U.S.C. §1337), by similarly referring to Black's Law Dictionary and Section 2-106 of the U.C.C.); see also Rotec Indus., Inc. v. Mitsubishi Corp., 215 F.3d 1246, 1254–55 (Fed. Cir. 2000) (absent definition in the statute, concluding "that the meaning of 'offer to sell' is to be interpreted according to its ordinary meaning in contract law, as revealed by traditional sources of authority.").

[31] N. Am. Philips, 35 F.3d at 1579-80 (relying on Burger King, 471 U.S. at 478-79).

[32] Microsoft, 550 U.S. at 454–55.

[33] See Litecubes, 523 F.3d at 1370 ("While North American Philips dealt with the issue of where a 'sale' took place under§ 271 in the context of personal jurisdiction, we see no basis for construing the location of a 'sale' differently when the issue is whether the plaintiff has established that the sale took place within the United States for the purposes of infringement.").

[34] Microsoft, 550 U.S. at 449.

[35] Id. at 441.

[36] Id. at 455.

[37] See Lake Cherokee, 964 F. Supp. 2d at 657 (citing Microsoft).

[38] See Transocean Offshore Deepwater Drilling, Inc. v. Maersk Contractors USA, Inc., 617 F.3d 1296 (Fed. Cir. 2010).

[39] See UCC § 2-319. F.O.B. and F.A.S. Terms.; 18 Williston on Contracts § 52:11 (4th ed.) ("In an F.O.B. place of shipment contract, delivery occurs at the point where the goods are placed in the hands of the carrier, acting as the agent or bailee of the buyer;while under a contract with the term F.O.B. point of destination, delivery to the carrier is not delivery to the buyer, and the carrier is an agent of the seller—not the buyer—in transporting the goods.").

[40] See 18 Williston on Contracts § 52:11 (4th ed.); N. Am. Philips, 35 F.3d at 1578 n.2; see also UCC § 2-401. Passing of Title; Reservation for Security; Limited Application of This Section. ("Unless otherwise explicitly agreed title passes to the buyer at the time and place at which the seller completes his performance with reference to the physical delivery of the goods, despite any reservation of a security interest and even though a document of title is to be delivered at a different time or place; and in particular and despite any reservation of a security interest by the bill of lading (a) if the contract requires or authorizes the seller to send the goods to the buyer but does not require him to deliver them at destination, title passes to the buyer at the time and place of shipment; but (b) if the contract requires delivery at destination, title passes on tender there."); In re Hawaii Island Air, Inc., 622 B.R. 85, 90 (D. Haw. 2020) ("[W]hen a contract is otherwise silent on the matter, the determination of when title passes depends on whether it is a 'shipment contract' (where the seller is not required to deliver the goods to the buyer) or a 'destination contract' (where the seller must deliver the goods to the buyer). Under a shipment contract, title passes to the buyer at the time of shipment, whereas under a destination contract, title passes upon delivery to the buyer." (citation omitted)).

[41] See 18 Williston on Contracts § 52:11 (4th ed.).

[42] Litecubes, 523 F.3d at 1369; see also Semitool, 2002 WL 34213426, at *7 ("It is clear that Dynamic Micro and its United States customers intended that Dynamic Micro ship the Model 300 to them in this country."); Cequent Trailer, 2007 WL 438140, at *5 ("It is clear that Intradin and its United States customers intended that Intradin ship the accused infringing products to them in this country.").

[43] See SEB, 594 F.3d at 1375 ("Moreover, the invoices between Pentalpha and the three U.S. companies all identify delivery to U.S. destinations."); Emerson, 2015 WL 2179377, at *3 ("In addition, as in SEB, Cleva Hong Kong's intent to sell the products directly to customers in the United States is apparent from the Supply Agreement and from the invoices indicating the destination of the Accused Products was 'USA.'").

[44] See 18 Williston on Contracts § 52:10 (4th ed.) ("Moreover, an important distinction needs to be observed: many, if not most, contracts for the sale of goods between parties at a distance will call for the seller to send goods 'to' the buyer. However, the fact that the contract requires the seller to ship the goods 'to' a particular destination does not make the contract a destination contract or preclude a finding that the contract is a shipment one. Rather, the key distinction between a destination and shipment contract turns on whether the contract requires the seller to deliver the goods not to the buyer but 'at' a destination specified by the buyer. Thus, if the contract is originally a shipment contract, a subsequent communication from the buyer requesting or indicating that the seller is to ship the goods

to the buyer's residence constitutes a mere shipping instruction, and does not convert the contract into one requiring delivery at a particular destination."); Wilson v. Brawn of California, Inc., 132 Cal. App. 4th 549, 555 (2005) ("Of course, a seller will have to provide the carrier with shipping instructions. It follows that a contract is not a destination contract simply because the seller places an address label on the package, or directs the carrier to "ship to" a particular destination. "Thus a 'ship to' term has no significance in determining whether a contract is a shipment or destination contract for risk of loss purposes.")

[45] See Microsoft, where the Supreme Court rejected the Federal Circuit's concern that a narrow reading of §271(f) would permit "technical avoidance of the statute." 550 U.S. 437 at 456-57 ("While the majority's concern is understandable, we are not persuaded that dynamic judicial interpretation of§271(f) is in order. The 'loophole,' in our judgment, is properly left for Congress to consider, and to close if it finds such action warranted.").

[46] See Deepsouth, 406 U.S. at 531 ("To the degree that the inventor needs protection in markets other than those of this country, the wording of 35 U.S.C. ss 154 and271 reveals a congressional intent to have him seek it abroad through patents secured in countries where his goods are being used."); Microsoft, 550 U.S. at 456 ("If AT&T desires to prevent copying in foreign countries, its remedy today lies in obtaining and enforcing foreign patents."); Halo, 831 F.3d at 1380 ("As the Supreme Court has stated, if one desires to prevent the selling of its patented invention in foreign countries, its proper remedy lies in obtaining and enforcing foreign patents.").

[47] Cf. Fellowes, 491 F. Supp. 2d at 584 ("The retailers, not Michilin or Intek, imported the products that were sold 'FOB China' because the retailers took title in China, appointed a forwarder or broker, and controlled the manner and means of importation.").

[48] Cf. Pulse Elecs., Inc. v. U.D. Elec. Corp., 530 F. Supp. 3d 988, 1009 (S.D. Cal. 2021) ("Plaintiff makes clear it recognizes Defendant's customers were the ones importing or selling allegedly infringing products in the U.S.; however, Plaintiff did not want to sue UDE's customers because those customers double as Plaintiff's customers.").

[49] Pulse Elecs., Inc. v. U.D. Elec. Corp., 530 F. Supp. 3d 988 (S.D. Cal. 2021). (The author is not involved in this case.)

[50] Id. at 1012–13 (citing Litecubes, 523 F.3d at 1358 n.1).

[51] Id. at 1013–14.