



Supreme Court Addresses Induced Patent Infringement and Indefiniteness Standard in Key Decisions

On June 2, 2014, the Supreme Court overturned the decisions of United States Court of Appeals for the Federal Circuit in two opinions having the potential to impact the scope and viability of issued patents. In *Limelight Networks, Inc. v. Akamai Technologies, Inc.*, the Supreme Court confirmed that liability for inducement to infringe a patent under 35 U.S.C. § 271(b) cannot exist without direct infringement under § 271(a). In *Nautilus, Inc. v. Biosig Instruments, Inc.*, the Court rejected the Federal Circuit's articulation of its standard for determining whether claims are sufficiently definite to meet the requirements of the second paragraph of 35 U.S.C. § 112.

***Limelight*: No Inducement Without Direct Infringement**

The origin of the *Limelight* dispute stems from the Federal Circuit's 2008 decision in *Muniauction, Inc. v. Thomson Corp.*¹ Addressing the situation where two or more actors combine to perform the steps of a patented method – a theory sometimes referred to as “joint” or “divided” infringement – the Federal Circuit in *Muniauction* held that in such circumstances, a single defendant could only be held liable for direct infringement under 35 U.S.C. § 271(a) only when it “exercises ‘control or direction’ over the entire process such that every step is attributable to the controlling party.” Otherwise, the Court held, direct infringement required “a single party to perform every step of a claimed method.”²

In *Limelight*, the relevant method claims of the patent-in-suit³ related to delivering electronic data using a “content delivery network,” allowing Internet users to access websites with increased speed. One step of the claimed method required the “tagging” of an object on a website – i.e., the designation of website components to be stored on other servers on the network. The defendant, *Limelight Networks*, operated a content delivery network, but did not perform all steps of the claimed method; arguably, the “tagging”

¹ 532 F.3d 1318 (Fed. Cir. 2008).

² *Id.* at 1329.

³ U.S. Patent No. 6,108,703.

step was not performed by anyone, and in any event would have been performed only by *Limelight's* customers. Under the Federal Circuit's rule in *Muniauction*, both the district court and a Federal Circuit panel held that *Limelight* was not liable for infringement under Section 271(a).⁴ However, in a later en banc review, the Federal Circuit held that *Limelight* could be held liable for inducing infringement under Section 271(b) where it performed some steps of the patented method and induced others to perform the remaining steps.⁵ In doing so, it held that "all steps of a claimed method must be performed in order to find induced infringement, but that it is not necessary to prove that all the steps were committed by a single entity."⁶

On appeal, the Supreme Court reversed the en banc decision. Starting from the proposition that liability for induced infringement must be predicated on direct infringement, and from the Federal Circuit's holding in *Muniauction* that direct infringement of a method claim only occurs where all steps are performed such that they are "attributable to" a single party, the Court held that there simply can be no infringement under Section 271(b) where the patent had not been infringed under Section 271(a).⁷ The Court held that the Federal Circuit's reasoning that direct infringement can exist independently of a violation of Section 271(a) "fundamentally misunderstands what it means to infringe a method patent," because the rights secured by a patent are limited "only to the claimed combination of elements, and no further" – a combination which, under *Muniauction*, is met in method claims only where there is a single attributable defendant.⁸

The Court repeatedly emphasized that it was "assuming" and not "deciding" that *Muniauction* was correct, but did not itself review the *Muniauction* standard for direct infringement.⁹ Instead, it indicated that the Federal Circuit was free, if it so chose, to revisit the standard.¹⁰ For the time being, the Supreme Court's ruling means that absent the "direction and control" mandated by the *Muniauction* rule, a defendant cannot be liable under direct or indirect infringement if it performs some steps of a claimed method and instructs other parties to perform the remaining steps.

***Nautilus*: Claims Need Not Be "Not Amenable to Construction" or "Insolubly Ambiguous" to Be Indefinite**

Under 35 U.S.C. § 112, ¶2, a patent specification must "conclude with one or more claims particularly pointing out and distinctly claiming the subject matter which the applicant regards as [the] invention."¹¹ Failure to comply with this provision rendered a patent invalid for indefiniteness. Under the Federal

⁴ *Akamai Techs., Inc. v. Limelight Networks, Inc.*, 629 F.3d 1311, 1320 (Fed. Cir. 2010). The panel decision further clarified *Muniauction* to require either "an agency relationship between the parties who perform the method steps" or circumstances where "one party is contractually obligated to the other to perform the steps." *Id.* Neither of those circumstances was present in *Limelight's* case.

⁵ *Akamai Techs., Inc. v. Limelight Networks, Inc.*, 692 F.3d 1301, 1318-19 (Fed. Cir. 2012).

⁶ *Id.* at 1306. In doing so, the Federal Circuit expressly overruled its earlier decision to the contrary in *BMC Resources, Inc. v. Paymentech, L.P.*, 498 F.3d 1373 (Fed. Cir. 2007).

⁷ *Limelight*, slip op. at 5-6.

⁸ *Id.*; see also *id.* at 8 ("But the reasons *Limelight* could not have induced infringement under §271(b) is not that no third party is liable for direct infringement; the problem, instead, is that no direct infringement was committed." (emphases in original)).

⁹ *Id.* at 6, 8, 9-10.

¹⁰ *Id.* at 10.

¹¹ The Leahy-Smith America Invents Act, Pub. L. 112-29, 125 Stat. 284 (2011) ("AIA") modified the language of the Patent Act, including Section 112, in ways which are impertinent here.

Circuit's prior case law, a patent claim was indefinite only when it was "not amenable to construction" or "insolubly ambiguous."¹²

In *Nautilus*, the Federal Circuit rejected defendant *Nautilus's* arguments that the patent claims¹³ were indefinite. The claims were directed to a heart-rate monitor for use during exercise, and require, among other elements, a "live electrode" and a "common electrode" that are "mounted ... in spaced relationship with each other." The district court granted summary judgment that the claims were indefinite, as they did not specify what the "spaced relationship" should be. However, the Federal Circuit evaluated the claim language, the specification, and prosecution history, and explained that the electrodes "cannot be greater than the width of a user's hands," and cannot be "infinitesimally small." Because, according to the Federal Circuit, these "inherent parameters" disclosed in the patent-in-suit would permit a skilled artisan "to understand the metes and bounds of 'spaced relationship,'"¹⁴ the claim was not "insolubly ambiguous," and thus the patent was not invalid as indefinite.

On appeal, the Supreme Court rejected the Federal Circuit's articulation of the indefiniteness standard. The Court held that the Federal Circuit's requirements that the claim be "not amenable to construction" or "insolubly ambiguous" to be invalid "lack[s] the precision [that] §112, ¶2 demands" and "leave[s] courts and the patent bar at sea without a reliable compass."¹⁵ Rather, the Court articulated a new standard for indefiniteness: "[A] patent is invalid for indefiniteness if its claims, read in light of the specification delineating the patent, and the prosecution history, fail to inform, with reasonable certainty, those skilled in the art about the scope of the invention."¹⁶ In articulating its standard, the Court attempted to strike a balance between the "inherent limitations of language" that could potentially produce a "modicum of uncertainty" about the meaning of claim terms – uncertainty that could be tolerated under the patent laws – and the requirement that a patent "afford clear notice of what is claimed, thereby apprising the public of what is still open to them."¹⁷

The Supreme Court did not pass judgment on whether the particular disputed claims of the patent-in-suit were invalid. Nor did the Court consider subsidiary questions such as the effect of the presumption of validity on the indefiniteness determination and the amount of deference due to the PTO's resolution of disputed issues of fact.¹⁸ Rather, the Court remanded the case back to the Federal Circuit to apply its newly-minted standard.

The Uncertain Impact of the *Limelight* and *Nautilus* Decisions

While the Supreme Court undeniably expressed its disapproval over certain aspects of Federal Circuit holdings, the significance of the Court's June 2nd decisions remains to be seen. Patent infringement defendants may now use the *Limelight* ruling to avoid liability for inducement in many instances of alleged divided infringement. If the Federal Circuit views *Limelight* as an opportunity to revisit its direct infringement standard under *Muniauction*, patent infringement defendants' victory at the Supreme Court could be seen as short-lived. Alternatively, if the Federal Circuit decides to keep the *Muniauction* rule

¹² *Biosig Instruments, Inc. v. Nautilus, Inc.*, 715 F.3d 891, 898 (Fed. Cir. 2013) (quoting *Datamize, LLC v. Plumtree Software, Inc.*, 417 F.3d 1342, 1347 (Fed. Cir. 2005)).

¹³ U.S. Patent No. 5,337,753.

¹⁴ *Biosig*, 715 F.3d at 899.

¹⁵ *Nautilus*, slip op. at 12-13.

¹⁶ *Id.* at 1.

¹⁷ *Id.* at 9-10 (internal quotation marks and alterations omitted).

¹⁸ *Id.* at 13 n.10.

substantially intact, patent owners in many circumstances may be able to assert only claims carefully drafted to require actions by a single actor.

As for the *Nautilus* ruling, while disapproving of the specific expressions “not amenable to construction” and “insolubly ambiguous,” the Court seemed to approve of other “fuller explications of the term ‘insolubly ambiguous’” articulated by the Federal Circuit.¹⁹ Lower courts may achieve compliance with the Supreme Court’s new indefiniteness standard simply by avoiding use of the magic words rejected by the Court, adhering to those “fuller explications,” and approaching definiteness issues as they always have. Alternatively, these lower courts may view the Supreme Court’s “reasonable certainty” standard as a more substantial change in indefiniteness law, and may be more amenable to invalidating patents under Section 112. In either case, all eyes will be on the Federal Circuit to see if it develops more explicit guidance in implementing the Court’s standard on remand.

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¹⁹ *Id.* at 12.

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