

Intellectual Property Alert

Supreme Court Delivers Unanimous Decisions in Two Important Patent Cases: What Do This Week's *Limelight* and *Nautilus* Decisions Mean for You?

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Earlier this week, the United States Supreme Court delivered unanimous opinions in two separate cases addressing questions of patent law, ***Limelight Networks v. Akamai Technologies*** (on induced infringement) and ***Nautilus v. Biosig Instruments*** (on indefiniteness). The rulings reflect the Court's continuing interest in clarifying the law governing critical patent doctrines.

1. *Limelight Networks v. Akamai*

In *Limelight Networks v. Akamai Technologies*, Akamai sued Limelight for infringement of various method claims covering the delivery of digital data over a content delivery network. The evidence presented at trial showed that Limelight performed some, but not all, steps of the claimed methods and that Limelight's customers performed the remaining steps. The jury found that Limelight infringed Akamai's claimed methods and awarded \$40 million in damages. In the interim, the United States Court of Appeals for the Federal Circuit held in *Muniauction, Inc. v. Thomson Corp.*, 532 F. 3d 1318 (2008) that direct infringement of a method under 35 U.S.C. § 271(a) requires that all steps be performed by, or be attributable to, a single actor. Thereafter, the district court granted a motion for judgment as a matter of law in favor of Limelight, concluding that *Muniauction* precluded a finding of direct infringement on the evidence presented.

On appeal, a panel of the Federal Circuit affirmed the ruling of no direct infringement. In a subsequent rehearing *en banc*, however, the full court ruled that the record was sufficient to support a judgment that Limelight induced infringement of the asserted method by providing technical assistance and instructing its customers on how to perform the remaining steps. In the context of a charge of induced infringement of a method claim, the court ruled, the predicate act of direct infringement is satisfied even if the inducer performed some of the required steps and caused others to perform the remaining steps of the claimed method.

The Supreme Court disagreed. In rejecting the Federal Circuit's standard, the Court observed that the express language of the statute precludes a finding of inducement absent proof that the underlying act constitutes "infringement of a patent." Because no one actor carried out all steps of the method at issue, there was no direct infringement. Absent an act constituting direct infringement under 35 U.S.C. § 271(a), there can be no induced infringement in violation of 35 U.S.C. § 271(b). The Court held that since direct infringement of a method claim requires all the steps to be performed by (or controlled by) a single actor, there was no direct infringement for Limelight to induce.

The *Limelight* decision substantially reduces the scope of protection afforded to patented methods when, as often happens, different steps of those methods are performed by different parties. Going forward, securing adequate patent protection for systems having multiple method elements and methods amenable to variable configurations — *i.e.*, configurations in which multiple parties together perform all the steps of the claimed methods — will require crafting those claims with great care. Current patent owners contemplating enforcement of such claims will, in most instances, find that their patents offer little, if any, protection against infringement.

2. *Nautilus v. Biosig Instruments*

How definite do patent claims have to be? The Patent Act requires that patent specifications "conclude with one or more claims *particularly pointing out and distinctly claiming* the subject matter" that the inventor regards as the invention. 35 U. S. C. §112, ¶2 (emphasis added). But just how much clarity and precision does the patent statute's definiteness requirement demand? This was the issue before the Supreme Court in *Nautilus*.

Rejecting the Federal Circuit's standard for indefiniteness that a claim is indefinite only when it is "not amenable to construction" or is "insolubly ambiguous," the Supreme Court held that §112, ¶2 requires "that a patent's claims, viewed in light of the specification and prosecution history, inform those skilled in the art about the scope of the invention with reasonable certainty." The Court gave no specific guidance on how the

“reasonable certainty” standard is to be applied, and remanded the case back to the Federal Circuit to decide whether the claims at issue, which are directed to electrodes on a heart-rate monitor used with exercise equipment, are sufficiently definite under the new standard.

Although it gave no specific guidance on how the new standard is to be applied, the Court’s discussion of the definiteness requirement gives us some insight into the conflicting concerns animating its decision to reject the Federal Circuit’s standard, which it criticized for leaving “courts and the patent bar at sea without a reliable compass.” On the one hand, the Court acknowledged that the patent statute’s definiteness requirement “must take into account the inherent limitations of language,” such that “[s]ome modicum of uncertainty” must be tolerated. On the other, the Court observed that “a patent must be precise enough to afford clear notice of what is claimed, thereby ‘apprising the public of what is still open to them.’” The worry is that without a “meaningful definiteness check,” patent applicants are improperly incentivized to make their claims more ambiguous. Such incentives must be curbed, the Court said, because uncertainty over claim scope is a deterrent to enterprise and innovation.

Mindful of the “delicate balance” that must be struck between the inherent imprecision of language and the need for clearly defined demarcations between what is patented and what is still open to the public, the Court noted that the “definiteness requirement ... mandates clarity, while recognizing that absolute precision is unattainable.” But it is not clear that the Supreme Court’s new standard does the work it is meant to do. Indeed, the Court’s new standard leaves unanswered the question at the heart of the dispute in *Nautilus*: if a patent claim can be read in more than one way — that is, if reasonable persons skilled in the art disagree about the scope of the invention—does the claim survive, or is it invalid? It remains to be seen how the test is applied by the Federal Circuit on remand, and by the district courts going forward, but without more anchors to guide its application, the new standard may not ultimately provide any more reliable a compass than the Federal Circuit’s standard had done.

One thing seems certain, however: at least in the short term, we will likely see a surge in indefiniteness-based invalidity challenges. If on remand the Federal Circuit upholds the claims at issue under the new standard, this will signal that perhaps not much has changed, though the challenges will likely continue until a new understanding regarding what the “reasonable certainty” standard requires is reached. Of course, if the Federal Circuit holds the claims at issue — which it upheld under its “not amenable to construction” or “insolubly ambiguous” standard — are in fact indefinite under the new standard, the push to find claims invalid for indefiniteness will gain even more momentum.

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