
US Supreme Court Issues Two Unanimous Opinions Overturning Federal Circuit Patent Law Rulings

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In two unanimous decisions handed down on Monday, the US Supreme Court overturned Federal Circuit rulings on patent indefiniteness and induced infringement. Both rulings added challenges for parties attempting to enforce patents. In *Nautilus, Inc. v. Biosig Instruments, Inc.*, the Court held that a patent is invalid for indefiniteness if its claims, when read in light of the patent's specification and prosecution history, fail to inform those skilled in the art of the scope of the invention "with reasonable certainty." The Court rejected the Federal Circuit's prior standard for indefiniteness, which required a challenger to show that a patent claim is "insolubly ambiguous." In *Limelight Networks, Inc. v. Akamai Tech. Inc.*, the Court held that a defendant is not liable for induced infringement if there is no direct infringement.

Nautilus, Inc. v. Biosig Instruments, Inc.

The US Supreme Court has unanimously rejected the Federal Circuit's long standing test for proving that a patent claim is indefinite under 35 U.S.C. § 112, ¶ 2. In *Nautilus, Inc. v. Biosig Instruments, Inc.*, the Supreme Court abrogated the Federal Circuit's prior formulation that a patent claim passes the §112, ¶ 2 threshold so long as the claim is "amenable to construction," and the claim, as construed, is not "insolubly ambiguous."

The disputed claim language reads as follows: "heart rate monitor for use by a user in association with exercise apparatus and/or exercise procedures" comprising a "live" electrode and a "common" electrode "mounted . . . **in spaced relationship with each other.**" The district court had granted defendant Nautilus' motion for summary judgment of invalidity on the ground that the claim term "in spaced relationship with each other" failed to satisfy §112, ¶ 2's definiteness requirement. But the Federal Circuit reversed and remanded after finding that the claim term was "amenable to construction," and therefore not "insolubly ambiguous."

Justice Ruth Bader Ginsburg, writing for the unanimous Court, wrote that a patent is invalid for indefiniteness if its claims, read in light of the patent's specification and prosecution history, fail to inform, with reasonable certainty, those skilled in the art about the scope of the invention. Slip Op. at 1, 11. Section 112 entails a "delicate balance." *Id.* at 9. On the one hand, the definiteness requirement must take into account the inherent limitations of language, and some modicum of

uncertainty is the "price of ensuring the appropriate incentives for innovation." *Id.* On the other hand, a patent must be precise enough to afford clear notice of what is claimed, thereby "appris[ing] the public of what is still open to them" in a manner that avoids "[a] zone of uncertainty which enterprise and experimentation may enter only at the risk of infringement claims." *Id.* at 10 (internal citations omitted). The Court recognized that absent a meaningful definiteness check, patent applicants face powerful incentives to inject ambiguity into their claims. *Id.*

The Court found that the Federal Circuit's standard, which "tolerates some ambiguous claims but not others," does not satisfy the statute's definiteness requirement. *Id.* at 1. The Court emphasized that it cannot be sufficient that a court can ascribe *some* meaning to a patent's claims. *Id.* at 12. To tolerate imprecision just short of that rendering a claim "insolubly ambiguous" would diminish the definiteness requirement's public-notice function and foster the innovation-discouraging "zone of uncertainty." *Id.*

The Court remanded the case to the Federal Circuit to reconsider whether the relevant claims of the Biosig patent are sufficiently definite under the proper standard. *Id.* at 14.

The Federal Circuit can be expected to provide guidance on when a claim is sufficient definite under the "reasonable certainty" standard in future cases.

Limelight Networks, Inc. v. Akamai Tech. Inc.

In a unanimous decision authored by Justice Samuel Alito, Jr., the Court overturned the Federal Circuit's decision holding that induced infringement could be found when the defendant carries out some steps constituting a method patent and encourages others to carry out the remaining steps. For purposes of its decision, the Court assumed without deciding that the Federal Circuit correctly ruled in *Muniauction, Inc. v. Thomson Corp.*, 532 F.3d 1318 (2008) that a method patent is not directly infringed unless the performance of all the steps is attributable to the same defendant under a very narrow test.

Under the Federal Circuit's decision in *Muniauction*, a defendant is not liable for direct infringement of a method claim where certain steps are performed by its customer and the defendant does not have an agency or contractual relationship allowing it to control or direct its customer's performance of those steps. Limelight's customers, rather than Limelight itself, perform one of the steps of the method patent at issue. Without deciding whether *Muniauction* was correctly decided, the Court held that since there was no direct infringement, and "inducement liability may arise 'if, but only if, [there is] . . . direct infringement,'" op. at 5 (quoting *Aro Mfg. Co. v. Convertible Top Replacement Co.*, 365 U.S. 336, 341 (1961)), there could be no induced infringement. The Court concluded that to rule otherwise would create a "free-floating concept of 'infringement' both untethered to the statutory text and difficult for lower courts to apply consistently." Op. at 10. The Court also pointed to § 271(f)(1), which imposes liability for inducement to combine "components outside the United States in a manner that would infringe the patent if *such combination occurred within the United States*," as evidence that Congress knows how to impose liability for inducing activity that does not itself constitute direct infringement where it wishes.

The Court acknowledged the concern that a would-be infringer could potentially evade liability by

dividing performance of a method patent's steps with another outside the defendant's control. However, the Court stated that such an anomaly would be the result of the Federal Circuit's interpretation of §271(a) in *Muniauction* and the desire to avoid the natural consequences of that ruling does not justify altering the rules of inducement liability. The Court declined to revisit *Muniauction* because the question on which it granted *certiorari* was limited to §271(b) and the interpretation of §271(a) was not fully briefed. However, the Court did indicate that the Federal Circuit could revisit the §271(a) question on remand if it chooses.

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