

## Patentees Suffer Double Loss At US Supreme Court \*

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By [Steven Seidenberg](#) for Intellectual Property Watch

The United States Supreme Court issued two important patent law decisions today. Both unanimous rulings provided bad news to patentees, particularly patent trolls (patent assertion entities).

The court's decision in [Limelight Networks v. Akamai Technologies](#) [pdf] makes it more difficult to hold a defendant liable for inducing another to commit patent infringement. There can be liability for inducement, the court held, only if some entity directly infringes the patent. If there is no direct infringement, there can be no induced infringement.

This overrules a decision by the Federal Circuit (often called the nation's "patent court"), which had found Limelight guilty of inducing its customers to infringe Akamai's patent. Akamai is in the business of storing content (such as video) on its servers and delivering the content via its customers' websites, thus enabling the content to be viewed by the websites' individual users. Akamai obtained a method patent covering this process of online storage and delivery.

Limelight provides the same service as Akamai, with one small twist. Whereas Akamai (under its patented method) tags the content on its customers website that Akamai will store on its servers, Limelight requires its customers to put the tags on the content they want Limelight to store.

Together, Limelight and its customers perform all the steps covered by Akamai's method patent. Separately, however, neither Limelight nor its customers perform all the covered steps. Limelight performs every step except for tagging. That last step is performed by Limelight's customers, who act independent of Limelight's control.

The Federal Circuit held that because no entity performed all the steps claimed by Akamai's method patent, no one was liable for directly infringing the patent. Nevertheless, the court ruled Limelight was guilty of inducing its customers to infringe.

The Supreme Court overturned the inducement decision against Limelight. Writing for all nine justices, Justice Samuel Alito stated that "The Federal Circuit's analysis fundamentally misunderstands what it means to infringe a method patent. ... If a defendant can be held liable ... for inducing conduct that does not constitute infringement, then how can a court assess when a patent holder's rights have been invaded?"

The high court previously held that when no party committed direct infringement, there could be no contributory patent infringement. "[W]e see no reason to apply a different rule for inducement," Justice

Alito wrote.

The *Limelight* decision hurts patent trolls, experts agree. “The ruling is significant because in today’s era of patent troll litigation, many patent trolls’ preferred patents are directed to internet-based technology. This makes it harder for them to assert internet-based patents against companies that really don’t infringe,” said John Cuddihy, a partner in the Washington, DC office of law firm of Ballard Spahr. “For corporate America, this is a very, very helpful ruling.”

This ruling, however, might also hurt some legitimate companies, such as pharmaceutical firms that have patents on methods of treatment.

“The decision limits the ability of patent holders to protect technologies that are increasingly relevant in today’s economy,” said Antoinette Konski, a partner in the law firm of Foley & Lardner. “Digital technology moves information among users. Patient samples may be taken in the home or in a physician’s office, analyzed in a laboratory, and transmitted to a treating physician who prescribes therapy. Thus, in many instances, more than one individual or entity can be involved in providing a digital service or medical method. To enforce a patented method that covers multiple actors under a theory of inducement, the patentee must find one actor who performs all steps of the method.”

### **Too Fuzzy to Live**

Today’s ruling in *Nautilus, Inc. v. Biosig Instruments, Inc.* [pdf] reversed another Federal Circuit decision, concerning how specific a patent claim must be. [Section 112](#) of the Patent Act mandates that patent claims must “particularly point[] out and distinctly claim[] the subject matter which the applicant regards as [the] invention.” The Federal Circuit interpreted this statute very generously, ruling that the law is satisfied so long as a claim is “amenable to construction” and is not “insolubly ambiguous.”

The Supreme Court rejected this standard. “We conclude that the Federal Circuit’s formulation ... does not satisfy the statute’s definiteness requirement,” Justice Ruth Bader Ginsburg wrote for the unanimous court. “In place of the ‘insolubly ambiguous’ standard, we hold that 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.”

This decision is a defeat for patent trolls, who often assert vague patent claims against companies. Now it will be much quicker and easier for companies to fight infringement suits based on such claims.

“Because claim construction is determined by courts relatively early in litigation, the possibility of knocking out the lawsuit soon after claim construction is another significant weapon for defendants in patent troll litigation,” said Christopher J. Glancy, a partner in New York office of law firm White & Case.

The Supreme Court’s ruling, however, was itself rather vague. “Reasonable certainty is better than insolubly ambiguous, but the court could have gone further to specify what reasonable certainty means,” said Prof. Arti Rai of Duke Law School. “It is more helpful than the Federal Circuit’s standard, but not as helpful as it could be.”

The result will be more litigation and confusion, at least in the short term. “This will increase challenges to patents on grounds of indefiniteness and spawn satellite litigation about what ‘reasonable

certainty' means," said Cuddihy.

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