

IP Alert: Supreme Court's Unanimous Decision Should Help Patent Defendants

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Patent litigation remains a topic of much discussion in both the legal and business communities. On June 2, 2014, the United States Supreme Court issued two unanimous decisions. These rulings are likely to be a big benefit to those businesses facing patent infringement allegations.

As an initial matter, a patent grants the patent owner the right to exclude - or at least collect a reasonable royalty from - those practicing the inventions set forth in the patent's claims. The claims set forth the "metes and bounds" of the intellectual property owned by the patent holder. In order to be liable for patent infringement, an accused infringer must practice every element of at least one claim. The Court's June 2nd rulings in *Nautilus, Inc. v. Biosig Instruments, Inc.* and *Limelight Networks, Inc. v. Akamai Technologies, Inc.* clarify the enforceability of certain patents and the reach of liability under certain circumstances.

In *Nautilus*, the Court was addressing the requirement that a patent "conclude with one or more claims particularly pointing out and distinctly claiming the subject matter which the applicant regards as [the] invention." 35 U. S. C. §112, ¶2. In patent speak, this is the "definiteness" requirement. At base, this statute requires that a patent's claims put the public on notice of what the patent covers. A patent can be held invalid if it is "indefinite."

The June 2nd ruling modified the test that had been used in patent cases. Until the Court's ruling in *Nautilus*, a patent claim was sufficiently definite so long as the claim was "amenable to construction," and the claim, as construed, is not "insolubly ambiguous." According to the Court, this test "tolerates some ambiguous claims but not others." The Court, therefore, held that the "insolubly ambiguous" test did not satisfy the Patent Act's definiteness requirement. In place of the "insolubly ambiguous" test, the Court held 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." Slip Opinion at 1.

The Court declined to apply this test to the facts at issue in *Nautilus*. Therefore, the first applications of the "reasonable certainty" test will be in cases pending in the district courts, or by the Federal Circuit Court of Appeals (the appeals court that hears all patent appeals) on remand in the *Nautilus* case. Nevertheless, the "reasonable certainty" test appears to increase the potential that a patent may be invalidated as indefinite.

In *Limelight*, the Court was addressing the concept of "induced infringement." The Federal Circuit, which was reversed by the June 2nd *Limelight* decision, previously held that a party could be liable for inducing infringement where "a defendant carries out some steps constituting a method patent and encourages others to carry out the remaining steps—even if no one would be liable as a direct infringer in such circumstances. . . ." Slip Opinion at 4. Thus, even if no one individual or entity was practicing a patent, the Federal Circuit's test held entities liable in certain circumstances if they performed just some of a claim's elements. The Supreme Court reversed the Federal Circuit and made clear that in order for a party to be held liable for inducing infringement, there needs to be at least one individual or entity that actually practices every element of a claim. The *Limelight* decision adds certainty to the law and eliminates one theory of liability - a theory that was particularly popular in software cases- for patent plaintiffs.

Gray Plant Mooty is a full-service law firm with specialized practices in intellectual property and patent litigation. Contact Loren Hansen, Dean Eyler, or John Krenn if you have any questions regarding this article.