# Double-Barreled Decision Day at the United States Supreme Court Has Ramifications for Patent Infringement Cases

**Client Advisories**

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Holders as well as challengers of U.S. patents should take note of two U.S. Supreme Court opinions issued on June 2, 2014 - one a software case and the other dealing with hardware. In both *Limelight Networks Inc. v. Akamai Technologies Inc. ("Limelight")* and *Nautilus Inc. v. Biosig Instruments Inc. ("Nautilus")*, the Supreme Court, in unanimous rulings, nullified decisions by the Federal Circuit Court - the appeals court for patent matters - favorable to patent-holders. In doing so, the Court focused on the criteria that patent-holders must meet to enforce patent rights against alleged infringers.

In *Limelight*, the Supreme Court weighed in on the issue of "inducing" patent infringement, which has ramifications for enforcement of scores of business-method patents on the Internet. Under the law governing method patents, an infringement finding requires that all steps of the patented method have been practiced. But what happens when not all steps are practiced by the same entity, as is the case with many processes carried out on the Internet?

The Akamai patents in *Limelight* cover a method of delivering electronic data, one step of which is "tagging" certain data. The alleged infringer practiced all the steps except "tagging," which it required its customers to do. Justice Alito, writing for the Court, reversed the decision of the Federal Circuit, which held that infringement could be found when one entity practices some steps and encourages others to practice the remaining steps. The Supreme Court ruled that there can be no inducement of infringement in this case "because the performance of all the patent's steps is not attributable to any one person."

*Nautilus*, the hardware case, tackles the extraordinarily subjective yet ubiquitous issue of the indefiniteness of patent claims. The litigation concerns Nautilus' alleged infringement of a patent on a heart rate monitor designed to filter out certain electrical signals that interfere with the heartbeat signals. Nautilus asserted that

the patent fails the legal requirement for definiteness, and won summary judgment at the District Court level on this point. On appeal, however, the Federal Circuit reversed, finding that a claim is indefinite "only when it is not amenable to construction or insolubly ambiguous."

Justice Ginsburg, writing for the Court, swept away the Federal Circuit's test based on the "amenable to construction or insolubly ambiguous" language, and replaced it by stating, "we hold that a patent is invalid for indefiniteness if its claims read in the 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."

The ruling added that "this Court must ensure that the Federal Circuit's test is at least 'probative of the essential inquiry.' " The Court determined that the expressions "insolubly ambiguous" and "amenable to construction" fall short in that regard and that "such terminology can leave courts and the patent bar at sea without a reliable compass."

Taken together, these two decisions may signal tougher days ahead for patent-holders generally, especially if one is reading the tea leaves with an eye toward the long-awaited Supreme Court decision, expected this month, on patentability of software/business methods in *Alice Corp. v. CLS Bank International*. Look for a follow-up advisory when that decision is announced.

If you have questions about or would like to discuss these rulings or other intellectual property issue, please contact a member of Archer's Intellectual Property Group in Haddonfield, N.J., at (856) 795-2121, in Philadelphia, Pa., at (215) 963-3300, in Princeton, N.J., at (609) 580-3700, in Hackensack, N.J., at (201) 342-6000, or in Wilmington, Del., at (302) 777-4350

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