



# THINK FORWARD

## Supreme Court Reverses Federal Circuit on Indefiniteness and Divided Infringement in *Nautilus* and *Limelight*

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In two opinions issued on June 2, 2014, the Supreme Court rejected the Federal Circuit's claim definiteness and indirect infringement tests, and reversed the Federal Circuit's holding in each case. In *Nautilus, Inc. v. Biosig Instruments, Inc.*, No. 13-369, the Supreme Court adopted a "reasonable certainty" test for claim definiteness under 35 U.S.C. § 112, ¶ 2, holding that the Federal Circuit's more lenient formulations "can leave courts and the patent bar at sea without a reliable compass." In *Limelight Networks, Inc. v. Akamai Technologies, Inc.*, No. 12-786, the Court effectively abolished the doctrine of divided infringement under 35 U.S.C. § 271(b), holding that the Federal Circuit's analysis of the issue "fundamentally misunderstands what it means to infringe a method patent."

### I. *Nautilus, Inc. v. Biosig Instruments, Inc.*: Definiteness Under 35 U.S.C. § 112 Requires "Reasonable Certainty"

Section 112, ¶ 2 requires that patent claims particularly point out and distinctly claim the invention. The Federal Circuit has long held that a claim satisfies the definiteness requirement of § 112, ¶ 2 if it is "amenable to construction," and, as construed, is not "insolubly ambiguous." Applying these formulations in *Nautilus*, the Federal Circuit held that the claims at issue (relating to heart-rate monitors for use during exercise) survived an indefiniteness challenge.

Justice Ginsburg, writing for the unanimous Court, rejected the Federal Circuit's formulations and adopted a new test, which provides 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." The Court expressed no opinion on the validity of the patents at issue, and instead, vacated and remanded for consideration of the indefiniteness challenge under the new test.

While critical of the Federal Circuit's formulations, the Supreme Court recognized the "inherent limitations of language" and the "necessary modicum of uncertainty" in claim language. Nonetheless, the Court, citing its precedent, held that "a patent must be precise enough to afford clear notice of what is claimed" so that the public is apprised of what remains open to them. The Court further recognized that "absent a meaningful definiteness check," patent applicants have "powerful incentives to inject ambiguities into their claims." In the Court's view, its "reasonable certainty" test should eliminate "that temptation," and the test properly places the burden of resolving claim language ambiguity on the patent drafter.

The decision in *Nautilus* likely paves the way for more frequent and more successful claim indefiniteness challenges from accused infringers. The decision also serves as a strong caution to patent drafters of the need for precision in claim language. Debates over whether definiteness is a question of law and the level of deference due to the PTO's resolution of disputed issues of fact are

likely to continue, as the Court opted to “leave[ ] these questions for another day.”

## II. *Limelight Networks, Inc. v. Akamai Technologies, Inc.*: Divided Infringement Abolished Under 35 U.S.C. § 271(b)

The Supreme Court effectively eliminated the doctrine of divided infringement under 35 U.S.C. § 271(b) in its unanimous reversal of the Federal Circuit in *Limelight*. In an opinion authored by Justice Alito, the Court held that a defendant cannot be liable under § 271(b) for inducing infringement unless a single entity has directly infringed the claims.

Liability for induced infringement under § 271(b) depends on the existence of an underlying act of direct infringement under § 271(a). The Federal Circuit had developed a line of precedent holding that induced infringement may exist even where no single entity committed an act of direct infringement under § 271(a). The Supreme Court held that the Federal Circuit’s doctrine of divided infringement departed from the plain language of the § 271(b). In so holding, the Court was not persuaded by the Federal Circuit’s concern that a potential infringer may artfully dodge liability by dividing performance of a method patent’s steps with another person who is not under the potential infringer’s direction or control.

The Court noted that the patentee’s lack of recourse for infringement of its method claims in *Limelight* was the result of the Federal Circuit’s holding in *Muniauction, Inc. v. Thomson Corp.*, 532 F.3d 1318 (2008), that direct infringement requires that “a single party to perform every step of a claimed method” or that a single party “exercise[s] control or direction over the entire process.” The Supreme Court hinted that it may not agree with *Muniauction*, but declined to address whether *Muniauction* was decided correctly. Instead, the Court reasoned that the Federal Circuit could not circumvent the consequences it created in *Muniauction* by altering the fundamental rules of inducement liability.

In light of *Limelight*, patent applicants should draft claims, particularly method claims, to permit performance by a single entity. Both patent applicants and litigants should be mindful that there may be room for the Federal Circuit or Supreme Court to reexamine *Muniauction*’s rule that an agency relationship must exist between parties who perform the method steps in finding liability under § 271(a).

If you have any questions about the Court’s decision or how it may impact your business, [please contact your attorney](#).