

No. 15-993

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IN THE  
**Supreme Court of the United States**

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LIMELIGHT NETWORKS, INC.,  
*Petitioner,*

v.

AKAMAI TECHNOLOGIES, INC. AND  
THE MASSACHUSETTS INSTITUTE OF TECHNOLOGY,  
*Respondents.*

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On Petition for a Writ of Certiorari to the  
United States Court of Appeals for the Federal Circuit

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**BRIEF OF DELL INC., FACEBOOK, INC.,  
NEWEGG INC., RED HAT, INC., SAP AMERICA,  
INC., SAS INSTITUTE INC., SYMMETRY LLC,  
VIZIO, AND XILINX, INC. AS *AMICI CURIAE*  
IN SUPPORT OF PETITIONER**

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**INTEREST OF *AMICI CURIAE*<sup>1</sup>**

*Amici* include leading software, consumer electronics, and eCommerce providers. These companies offer innovative products and services that drive the national economy, and they have extensive experience interacting with customers and other third parties in and through complex technological environments and distribution channels. They are targets of infringement suits, frequently by plaintiffs seeking to exploit vague patents against independently developed technology. But most *amici* also develop and manage their own diverse patent portfolios. *Amici* support a balanced patent system that is both clear and predictable. Based on their first-hand experience with all aspects of the system, they can provide a useful perspective for assessing the effects of the Federal Circuit’s broad expansion of liability under 35 U.S.C. § 271(a).

**INTRODUCTION AND SUMMARY OF ARGUMENT**

In *Limelight Networks, Inc. v. Akamai Technologies, Inc.*, 134 S. Ct. 2111 (2014), this Court rejected the Federal Circuit’s determination that a defendant may be liable for induced infringement under 35 U.S.C. § 271(b) when “no one has directly infringed the patent under § 271(a).” 134 S. Ct. at 2115. In so holding, the Court accepted existing Federal Circuit precedent on direct infringement, which provides that “a method’s steps have not all been

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<sup>1</sup> No counsel for any party authored this brief in whole or in part, and no person or entity other than *amici* or their counsel made a monetary contribution intended to fund the preparation or submission of this brief. All parties were provided notice of *amici*’s intent to file this brief at least 10 days before its due date. All parties have consented to the filing of this brief; petitioner’s consent is on file with the Court, and respondents’ is being submitted contemporaneously with this filing.

performed . . . unless they are *all attributable to the same defendant.*” *Id.* at 2117 (emphasis added). This Court expressly left open whether the Federal Circuit’s direct infringement standard was correct. *Id.* at 2119-20.

On remand, the Federal Circuit directly answered this open question—by jettisoning nearly its entire body of previous precedent on direct infringement of method claims. App. 27a n.3. Rather than limiting direct infringement of method claims to behavior performed by or attributable to a defendant under traditional vicarious liability standards, the *en banc* court—without additional briefing or argument—reversed itself and devised a new, patent-specific standard for conduct-attribution. *Id.* 25a.

Despite referencing traditional principles, the Federal Circuit in fact departed from them. Although the *en banc* court stated that direction and control is still required, it overruled its prior precedent under which petitioner was found not liable and concluded that direction and control may be found—and that conduct may therefore be “attributable to a defendant”—in circumstances that actually require nothing of the sort. *Id.* 25a & n.1-27a & n.3. Under the newly minted standard, a defendant may become liable for direct patent infringement based on the acts of others (i) where the defendant “conditions participation in an activity or receipt of a benefit upon performance of a step or steps of a patented method and establishes the manner or timing of that performance”; (ii) where the defendant and another actor or actors are found to form a “joint enterprise”; or (iii) in unspecified “other factual scenarios,” which “may arise [and] warrant attributing others’ performance of method steps to a single actor.” *Id.* 26a-28a.

This new standard bears no resemblance to ordinary rules of vicarious liability and lacks any support in the text

or history of the Patent Act. And it leaves deep uncertainty in cases under § 271(a)—uncertainty that is particularly problematic in light of that section’s imposition of strict liability for offending conduct. Now, rather than being guided by a reliable body of law, companies are left to guess whether their activities may give rise to “fact-specific” direct infringement predicated upon the independent actions of third parties.

The Federal Circuit, moreover, established this novel standard for all patent cases nationwide. As the result of the *en banc* proceeding, all district courts and panels will be bound to apply the newly announced law in all future cases.

This is a question that affects the identical interests that prompted review in *Limelight* itself: the *en banc* Federal Circuit has embraced the same sweeping change to patent policy under § 271(a) that this Court definitively rejected under § 271(b).

The new standard expands liability beyond its traditional limits, and does so in a manner that deprives industry participants of guidance. It is little help to know that the new conduct-attribution rule for § 271(a) applies whenever “the particular facts presented” so warrant. *Id.* 28a. This ambiguous new standard will lead to increased costs of doing business between and among parties whose conduct may now be attributed to one another. It also means increased litigation and corresponding costs for litigants and courts, because until the conclusion of a case—likely after an appeal—no one will know whether a particular set of facts results in liability. Like many innovators, *amici* operate in complex environments. Their products and services interact and interoperate with those of many others, which promotes competition, innovation, and consumer choice. The Federal Circuit’s answer to the

question this Court specifically reserved in *Limelight* cuts against these important goals.

The unpredictable new fact-based standard cannot be reconciled with this Court's decisions. The same is true with respect to the Patent Act's plain text, structure, statutory purpose, and the historical backdrop against which Congress acted in 1952 to bring certainty to this area of the law. The petition should be granted.

## ARGUMENT

### **I. The Question of Possible Liability for Claim Steps Performed by Others—Which this Court Expressly Reserved in *Limelight*—Remains Extraordinarily Important**

The question of when a person may be held liable for direct infringement without performing all the steps of a patented method remains every bit as important as the question this Court resolved in *Limelight*. It arises in the same case, on the same trial-level record. After this Court in *Limelight* rejected the Federal Circuit's flawed view of induced infringement under § 271(b), the *en banc* Federal Circuit responded with an expanded view of direct infringement under § 271(a). Just as in its earlier decision, it based liability on independent third-party conduct falling outside traditional notions of vicarious liability.

This is a discrete question of statutory construction that applies widely in significant business settings. In departing from traditional notions of vicarious liability, the *en banc* Federal Circuit has adopted a standard that fails to provide any meaningful guidance in a sweeping range of high-stakes patent disputes. This is precisely why respondents themselves have acknowledged the exceptional importance of these recurring questions. *See Akamai Reh'g Pet. 1* (June 12, 2015) (certifying that the

“appeal requires an answer to . . . precedent-setting questions of exceptional importance” including whether “[i]f separate entities each perform separate steps of a method claim, under what circumstances would that claim be infringed and to what extent would each of the parties be liable”).

Indeed, the question here pertains to direct infringement and is more important than the indirect infringement question this Court previously reviewed in *Limelight*. That is because the Federal Circuit’s new standard for direct infringement under § 271(a) is freed from the constraints of specific intent required for indirect infringement. It therefore stands to impose even broader liability than the previous *en banc* standard under § 271(b). To establish liability for inducement under § 271(b) (or contributory infringement under § 271(c)), a patentee must at least show that a defendant knew of the patent and specifically intended to cause (or was willfully blind to causing) another to engage in direct infringement. *Global-Tech Appliances, Inc. v. SEB S.A.*, 131 S. Ct. 2060, 2068 (2011). As a result, the Federal Circuit’s “fundamental[] misunderstand[ing]” of § 271(b) (*Limelight*, 134 S. Ct. at 2117) was naturally cabined to cases where patentees could prove knowledge and specific intent. Direct infringement, by contrast, is a strict-liability tort. *Id.* at 2065 n.2.

As a result, industry participants, including *amici*, now face the risk of strict liability for performing only *some* steps of a method claim. And they face this risk along with the corresponding possibility of an award of damages based on years of unwitting activity. That is because direct infringement of method claims may result in the award of damages without requiring a patentee to prove actual or constructive notice. *Crown Packaging Tech. Inc. v. Rexam*

*Beverage Can Co.*, 559 F.3d 1308, 1316-17 (Fed. Cir. 2009). As long as the behavior found to infringe was happening, damages may be awarded for up to six prior years—even if the defendant first learned of the patent through the lawsuit. *Id.*; 35 U.S.C. § 286.

What is more, going forward, the new standard makes it impossible reliably to predict whether and when a company that does not itself perform all steps may nevertheless be found to infringe. Under the Federal Circuit’s new standard, if a company performs only some steps and a third party independently performs the remaining steps, liability may follow even if the company has no idea or control over precisely what the third party is doing (or when and how they are doing it). A company may not know or control whether a third party’s conduct even occurs within the United States. But if that company is named as a defendant and the company establishes just the timing of the third party’s conduct, liability may follow under the new standard. So too if the fact-finder (or district court or Federal Circuit) concludes that other “particular facts” somehow warrant attributing independent conduct to a defendant. App. 28a. This standard creates great risk and imposes even greater uncertainty.

## **II. Review Is Warranted Because the Federal Circuit’s New Patent-Specific Standard for Vicarious Liability Is Incorrect**

As the petition explains in detail, the Federal Circuit’s new standard under § 271(a) is wrong. While *amici* agree with petitioner’s reading of the Act, *amici* focus their attention on three particular errors in the Federal Circuit’s reasoning.

**A. The Federal Circuit’s New Standard Wrongly  
Departs from Traditional Conduct-Attribution  
Rules Applied in All Other Legal Contexts**

Without any adequate justification, the decision below departs from the traditional rules for vicarious liability applied in all other legal contexts. That reasoning is incompatible with this Court’s repeated guidance to avoid patent-specific departures from general legal principles. *See, e.g., Teva Pharm. USA, Inc. v. Sandoz, Inc.*, 135 S. Ct. 831, 836-37 (2015); *Octane Fitness, LLC v. ICON Health & Fitness, Inc.*, 134 S. Ct. 1749 (2014); *Medtronic, Inc. v. Mirowski Family Ventures, LLC*, 134 S. Ct. 843, 846 (2014); *eBay Inc. v. MercExchange, L.L.C.*, 547 U.S. 388, 391-92 (2006); *Dickinson v. Zurko*, 527 U.S. 150, 165 (1999). The Patent Act contains no basis for departing from general rules of vicarious liability. It has no hint that patent cases alone should attribute the independent conduct of third parties to an accused infringer simply because the defendant provides some *incentive* to engage in the “prohibited” act. Indeed, the Patent Act *forecloses* such an expansive view of vicarious liability: Congress explicitly addressed the situations where joint conduct violates the Act in § 271 itself, which is why it detailed the specific circumstances giving rise to induced and contributory infringement. *See* 35 U.S.C. §§ 271(b), (c). There is no basis for courts to read further exceptions into this carefully crafted framework.

Before the *en banc* decision below, liability for direct infringement required a defendant to have practiced each and every step of a patented method—either on its own or using another whose acts were traditionally attributed to the defendant. Those circumstances were appropriately narrow, following the common boundaries of vicarious liability. *Muniauction, Inc. v. Thomson Corp.*, 532 F.3d

1318, 1330 (Fed. Cir. 2008) (“[T]he control or direction standard is satisfied in situations where the law would traditionally hold the accused direct infringer vicariously liable for the acts committed by another party that are required to complete performance of a claimed method.”); *Cross Med. Prods., Inc. v. Medtronic Sofamor Danek, Inc.*, 424 F.3d 1293, 1311 (Fed. Cir. 2005); *Fromson v. Advance Offset Plate, Inc.*, 720 F.2d 1565, 1568 (Fed. Cir. 1983). That approach respected the lines Congress drew in the Patent Act, and it functioned well for decades in providing all parties—patentees and defendants—fair notice of the Act’s prohibitions.

Under the new standard, companies providing instructions for how (or when) to act may face infringement allegations based on both patents and third party conduct about which they did not know, and in some cases could not have known. A sweeping array of modern conduct in complex technological environments may be implicated. Take, for example, a computer or smartphone and its software. Consumers expect their devices to run a wide variety of software. Third parties may develop software applications (commonly called “apps”) by following a device manufacturer’s specific guidance and procedures for writing software that can communicate with and execute correctly on the operating system of a given device. That may include both “how”-type instructions and “when”-type instructions. These instructions typically establish certain important aspects of the manner or timing of what a third party app submits to a device. Beyond that, the details of an app’s functionality, including how the app determines what it will submit in accordance with the manufacturer’s higher-order instructions, are frequently a black box. Such rules specifying how one software program (an app) must communicate with another (an operating system) promote

compatibility precisely because outside programmers and developers are able to use them in specific and creative ways that a device manufacturer does not need to understand or police.

Time, weather, and map functionality—along with countless other application programming interfaces establishing request-response protocols—typically work this way.<sup>2</sup> A manufacturer may specify that a compatible app must display the time in hours and minutes, or display a location on a map in response to a given search query. But the particular algorithms and servers a third party app uses to calculate and supply the information in response to the manufacturer’s programmatic instructions are nearly always beyond the manufacturer’s knowledge or control. Indeed, an app may communicate with external services over the internet to accomplish that. For instance, a weather app may send the user’s location to an online weather service provider and receive back a weather forecast. The app creator may change the particular weather service provider it calls, or that provider may change its forecast algorithm, all without informing or having any reason to inform the other parties.

This basic arrangement is extraordinarily common in the software and computer industry: one complex system

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<sup>2</sup> See, e.g., Bala Iyer et al., “The Strategic Value of APIs,” *Harvard Business Review*, Jan. 7, 2015 at 1 (observing that “[t]oday, a firm without application program interfaces (APIs) that allow software programs to interact with each other is like the internet without the World Wide Web,” and that APIs “are allowing companies to grow businesses at unprecedented rates by sharing services with external firms.”); George Collins et al., “API economy: From systems to business services,” *Deloitte Univ. Press*, Jan. 29, 2015 (noting that over 10,000 public APIs have been published, and that the result is “disruption and, in many cases, the democratization of industry”).

interoperates with another complex system using a specified protocol that determines “how” and “when” communications occur between the two. Neither system truly directs or controls the other in a meaningful way because they are independent. Indeed, they frequently know little about each other *by design*.

Previously, parties could make decisions based on steps they knew they were performing or directing and controlling others to perform as those concepts are traditionally understood. They could confidently avoid infringement allegations based upon third parties that may have been adhering to certain instructions but were not, in fact, their agents. That is no longer reliably true. Under the new standard, even when there is a clear disconnect between what a company instructs a third party to do at a high level (display a weather forecast in °F) and the particulars of how it is done (using a particular algorithm to perform the calculation), infringement allegations will follow. And under the new standard, such allegations may succeed. The new standard is poised to ensnare too much, both because it imposes strict liability and because it attributes conduct based upon “the manner or timing of . . . performance.” App. 26.a (emphasis added).

At a minimum, the uncertainty for industry and other stakeholders guarantees confusion in the courts and additional costs for all. Even if many suits result in a finding of no liability after protracted litigation, litigation costs alone may deter innocent conduct and increase the costs of doing business. And there is little to gain in a new, amorphous standard when traditional concepts of vicarious liability adequately account for the interests of all stakeholders—just as they have for decades before.

If Congress wished to apply a special conduct-attribution standard in patent cases, it would have expressed that intent clearly in the statutory text. The Federal Circuit erred in assuming that a patent-specific rule was appropriate, and this Court has repeatedly rejected the precise type of reasoning that supported the decision below. Review is warranted to correct the Federal Circuit's mistake in this exceptionally important setting.

**B. The Federal Circuit's Policy Concerns Are Best Addressed by Congress**

The Federal Circuit's new standard appears designed to address a perceived gap in liability for deliberate conduct. *See Limelight*, 134 S. Ct. at 2120 (acknowledging concerns about parties who deliberately "evade liability by dividing performance of a method patent's steps" with others); *Akamai Reh'g Pet. 2*. The new standard, however, does not require knowledge of a patent, let alone deliberate malfeasance. It also overlooks the legitimacy and tremendous importance to our economy of design-around efforts. *See, e.g., In the Matter of Request for Comments on Enhancing Patent Quality*, May 6, 2015 Comments of the U.S. Federal Trade Comm'n and Dept. of Justice, at 1 ("Patents can also promote innovation by preventing copying for the term of the patent, while at the same time making clear the boundaries of the protected inventions so as to facilitate their transfer and the ability to design around them.") & n.3. To the extent there is unfairness, Congress should address these policy concerns. In the interim, the statute still means what it plainly says, and it says nothing about abandoning traditional concepts of vicarious liability in the hope of capturing a small set of hypothetical bad actors.

1. As this Court has repeatedly emphasized, it is Congress's role to define patent rights and liability. Courts

have no license to supplement the scheme that Congress created: even in the face of alleged shortcomings, “we must recognize the role of Congress in crafting more finely tailored rules where necessary.” *Mayo Collaborative Servs. v. Prometheus Labs., Inc.*, 132 S. Ct. 1289, 1305 (2012); *see also, e.g., Deepsouth Packing Co. v. Laitram Corp.*, 406 U.S. 518, 529-31 (1972) (superseded by statute in § 271(f)). Especially in the patent context, judicial expansion of liability risks wrongfully interfering with lawful competitive activities, often with unforeseen consequences. This is why courts “hesitate before departing from established general legal rules lest a new protective rule that seems to suit the needs of one field produce unforeseen results in another.” *Mayo Collaborative Servs.*, 132 S. Ct. at 1305.

That is precisely the situation here. The Federal Circuit may have been concerned about efforts to avoid a patent by dividing up a method’s steps. But an expansive, patent-specific view of vicarious liability creates debilitating uncertainty. The result asks parties to guess as to their rights, and leaves courts stuck shifting through “particular facts” to decide post hoc whether in any given situation a jury correctly concluded that liability is warranted. Had Congress wished to err on the side of closing all loopholes at the expense of chilling legitimate conduct, it would have inserted a broader standard directly into the statute itself—just as it did, in part, in imposing liability for induced and contributory infringement. But nowhere does § 271 suggest that direct liability is appropriate in contexts where a third party’s independent conduct historically is *not* attributed to the accused actor.

As in *Deepsouth*, where this Court declined to expand liability despite claims that a straightforward reading of

§ 271(a) produced results that were “not logical,” there is no reason to displace Congress’s considered judgment. 406 U.S. at 525; Pet. 25. And as in *Deepsouth*, if the result warrants adjustment, Congress is the body that should act, as it did with § 271(f). Indeed, for over one hundred years, the Court has left these decisions to Congress:

But the right of property which a patentee has in his invention, and his right to its exclusive use, is derived *altogether from these statutory provisions*; and this court [has] always held that an inventor has no right of property in his invention, upon which he can maintain a suit, unless he obtains a patent for it, according to the acts of Congress; and that his rights are to be regulated and measured by these laws, *and cannot go beyond them*.

*Brown v. Duchesne*, 60 U.S. 183, 195 (1856) (emphases added).

2. In any event, respondents’ policy concerns are vastly overstated. Fully cognizant of the single-actor requirement of § 271(a), patentees have long addressed those concerns with careful claim drafting. *See, e.g.*, Larry S. Nixon, *Preparing and Prosecuting a Patent to Win in Litigation*, 423 PLI/Pat 39, 53-54 (1995). It is not difficult to structure a claim to capture infringement by a single party. *See* Mark A. Lemley et al., *Divided Infringement Claims*, 33 AIPLA Q.J. 255, 272-75 (2005). Thus, as the Federal Circuit once recognized, “[t]he concerns over a party avoiding infringement by arms-length cooperation can usually be offset by proper claim drafting.” *BMC Res., Inc. v. Paymentech, L.P.*, 498 F.3d 1373, 1381 (Fed. Cir. 2007).

This of course does not mean that, if given the chance to review, the Patent Office would *award* a patent covering all behavior that will now be accused under the new conduct-attribution standard. From a policy perspective, the prospect of imposing liability for behavior beyond the scope of anything legitimately innovative and patentable is another serious concern. The new standard effectively re-writes patent claims—years later and without Patent Office review. One of the claims at issue here, for example, is directed to a content delivery service that involves multiple steps, one of which is “tagging the embedded objects of a [web] page.” U.S. Patent No. 6,108,703, 19:6-13 (Issued Aug. 22, 2000). The claim could have (but did not) expressly cover “*receiving* tags” created by someone else.

In drafting their own patents, *amici* understand that they must clearly and distinctly describe their actual inventions. They do not expect courts to re-write claims for them. Nor, on the flip side, should they be exposed to liability on that basis. *Cimiotti Unhairing Co. v. Am. Fur Ref. Co.*, 198 U.S. 399, 410 (1905) (“In making his claim the inventor is at liberty to choose his own form of expression, and while the courts may construe the same in view of the specifications and the state of the art, they may not add to or detract from the claim.”). There are many instances in which the Patent Office might reasonably consider something innovative if a party *performed* a method, but not innovative enough to support granting a patent if the party merely *received* the results after someone else performed one or more required steps. That is true even if the party receiving performance provided a substantial benefit, such as a payment, in exchange for the other party’s performance. The right to exclude should be limited to methods that truly qualify for patent protection,

which is another reason the policy repercussions counsel against the new standard.

In addition, ambiguous claims are a source of abuse. The rules should incentivize clarity. There is no reason to give patentees incentives to draft what may morph into multi-actor claims to trap innocent parties who themselves perform only a subset of a claim's mandatory steps, but that is what the new standard does. The incentive is especially pernicious given that the actual performance of only one step is required, which means drafters may intentionally craft divided claims to reach and target deep pockets who perform known but trivial steps.

### **C. The Federal Circuit's New Standard Is Inconsistent with The Patent Act's Historical Backdrop**

The decision below is at odds with the text, structure, and legislative history of the 1952 Patent Act. Pet. 15, 23-27. While the text and structure are controlling, the history reinforces that Congress truly did mean what it said in the Patent Act: §§ 271(b) and (c) are the exclusive means for imposing liability when independent parties collectively perform the steps of a claimed method. Unless traditional vicarious-liability standards are satisfied, it is inappropriate to charge one actor with another's conduct. This has been the rule underlying direct infringement for 150 years, and the Federal Circuit offered no compelling reason for adopting a new standard now.

Contributory infringement was judicially created in the late 1800s. Contributory Infringement: Hearing on H.R. 3866 Before Subcomm. No. 4 of the H. Comm. on the Judiciary, 81st Cong. at 3, 9 ("1949 Hearings") (G. Rich). It remained separate from direct infringement, and was

the doctrine through which courts applied joint tortfeasor principles to patent liability. *See, e.g.*, *Contributory Infringement in Patent and Definition of Invention: Hearing on H.R. 5988, 4061, and 5248 Before the Subcomm. on Patents, Trademarks, and Copyrights of the H. Comm. on the Judiciary, 80th Cong. at 12 (1948)* (“1948 Hearings”) (G., Rich) (“[C]ontributory infringement is a specific application to patent law of the law of joint [tortfeasors] where two people somehow together create an infringement which neither one of them individually or independently commits.”);<sup>3</sup> *1949 Hearings at 2-3* (explaining that contributory infringement is the application of the doctrine of joint tortfeasors to patent law, that “patents are often infringed by people acting in concert, either specifically or by implication, where neither one of them is a direct infringer,” and that “[t]hat person who does something less than the direct infringement is called a contributory infringer”).

The early expansion of the doctrine of contributory infringement proscribed legitimate conduct beyond the limitations of what patents actually covered, and the eventual judicial response nearly eliminated the doctrine altogether (at least as a practical matter). *See, e.g.*, *Dawson Chem. Co.*, 448 U.S. at 187-214 (describing the evolution of contributory infringement before 1952, including its ascendancy, abuse, and judicial retraction); *1948 Hearings at 30* (H. Watson) (“In the opinion of many patent lawyers the ‘residuum’ left in the doctrine of

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<sup>3</sup> *See Dawson Chem. Co. v. Rohm and Haas Co.*, 448 U.S. 176, 204 (1980) (describing the three sets of extensive hearings antedating the Patent Act of 1952 as “principal sources for edification concerning the meaning and scope of 271” and noting that “we regard each set of hearings as relevant to a full understanding of the final legislative product”).

contributory infringement is so small and uncertain in extent that, in effect, the doctrine [of contributory infringement] has been nullified.”); *id.* at 33 (Capt. G. Robillard) (noting that some will argue the doctrine “has ceased to exist” while others “claim it exists within very narrow limits”).

Immediately prior to enactment of the Patent Act in 1952, the only thing certain was the uncertainty. “[T]o sum up the situation at the moment, the state of the law is in utter confusion and nobody knows where they are at.” 1949 Hearings at 10 (G. Rich). The Assistant Chief of Naval Research for Patents and Patent Counsel for the Navy Department explained that although the Navy Department’s patent lawyers believed that “the doctrine has, for all practical purposes, ceased to exist,” legislation was nevertheless warranted:

The difficulty, however, is that we have no assurance [against the possibility] that at a later date the Supreme Court might reverse itself and bring the doctrine of contributory infringement back into existence. Should this occur, we could find ourselves to be infringers tomorrow, whereas we are not today.

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[T]he doctrine of contributory infringement should be either reestablished or legislated completely out of existence in order that the atmosphere may be clarified.

1948 Hearings at 33 (Capt. G. Robillard). “[T]he opinion of all of us in the patent bar is that this is a situation in which the decisions of the court have left us so much at sea that only Congress can solve the problem.” Patent Law Codification and Revision: Hearing on H.R. 3760 Before

the Subcomm. No. 3 of the H. Comm. on the Judiciary, 82d Cong. at 159 (1951) (“1951 Hearings”) (G. Rich).

Congress legislated against this backdrop. Two things about the resulting statute are clear: First, it preserved the sharp divide between direct infringement (codified as § 271(a)), and indirect infringement (codified as inducement under § 271(b) and contributory infringement under § 271(c)). *Id.* As (later) Chief Judge Rich explained:

[T]he minute there is any difference between what he is selling or making or using and the claim language, then it becomes something other than a direct infringement and you have to put a different label on it, and it is called contributory infringement.

1951 Hearings at 158.

Second, Congress intended to eliminate the uncertainty experienced under the common law by sharply and definitively establishing clear boundaries between lawful and unlawful conduct. *Id.* at 105-06 (P. Federico); 152 (G. Rich) (explaining that drafters endeavored “to pick a sensible line . . . and to make it as clear as we possibly can”).

The Federal Circuit’s new test erases the clear historical and statutory divide between direct and indirect infringement. It invites the very uncertainty Congress foreclosed. If the Federal Circuit’s new standard is not corrected, the scope of liability will be unpredictable and potentially unbounded—just as things were before Congress enacted the Patent Act of 1952. End-runs will be possible around the strict knowledge requirements for inducement and contributory infringement. *Global-Tech*, 131 S. Ct. at 2068. This is exactly the opposite of what the Act’s drafters intended.

### III. Further Percolation Is Unwarranted

The question presented is a pure legal issue implicating an exceptionally important matter of statutory construction, and the time for review is now.<sup>4</sup> In the interim, all parties are left guessing how this novel standard will apply in current and future cases—uncertainty made worse by the *en banc* court’s invitation to capture *additional* conduct where a fact-finder or reviewing court concludes that “other factual scenarios” warrant a further expansion of liability. This makes resolution on summary judgment unlikely, thereby increasing litigation costs. And that means inevitably that those seeking to exploit the patent system by asserting vague patents against after-developed technology will enjoy increased settlement leverage wholly unrelated to the merits of their claims.

The Federal Circuit’s new standard is unworkable in practice, and it leaves no clear lines for industry participants to follow. This poses a serious threat to economic progress in cutting-edge industries, and it risks limiting innovation and interoperability as companies may reduce or avoid interactive services out of fear of being accused of direct infringement—despite failing to perform every step of any patented claim either themselves or under traditional notions of vicarious liability.

Contrary to the ruling below, there is no justification for a unique expansion of direct liability in patent cases alone. The idea of vicarious liability was known to Congress, which offered a defined and accepted standard

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<sup>4</sup> Because the Federal Circuit has exclusive jurisdiction over cases arising under the patent laws, *see* 28 U.S.C. § 1338(a), there is no basis to await a conflict in the circuits or other appellate departure from the newly announced *en banc* standard.

and statutory structure for all to follow. There is nothing in the Patent Act suggesting that direct infringement can occur by cobbling together the disparate acts of independent parties. For *amici*, there is now no telling which steps (whether innovative or mundane, whether the details are known or unknown, whether performed in the U.S. or abroad) of which patents may now be attributed to them merely because they specify the manner or timing in which others may interact with their products or services. The situation is untenable and warrants this Court's review.

### CONCLUSION

The petition for a writ of certiorari should be granted.

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