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DIVIDED U.S. INFRINGEMENT: RISKS & OPPORTUNITIES

David Loretto
Open Minds 1 March 2024

DIVIDED INFRINGEMENT



Claims for which divided infringement matters

- Method claims that include steps performed by multiple entities
- System claims that include components used by different users

Risks for patent owners

- Difficult or impossible to prove infringement

Opportunities for accused infringers

- Escape liability

OUTLINE



- FISH NOT PATENTS: S.Ct. decision due in June could profoundly affect U.S. agencies
- USPTO: Already tightly bound by statutes and appellate caselaw
- APPELLATE CASELAW: Fed. Cir. and S.Ct
- PATENT ELIGIBILITY: Statutes; S.Ct. “*Alice-Mayo*” test and its effects
- DIVIDED INFRINGEMENT: Statutes; Fed. Cir. and S.Ct. caselaw
 - *Akamai*: direct vs. indirect infringement
 - *Akamai, Eli Lilly* and *Travel Sentry*: methods performed by multiple entities
 - *Centillion, NTP* and *Intellectual Ventures I*: systems used by multiple entities
- RECOMMENDATIONS:
 - risks for claim drafters
 - opportunities for accused infringers
- QUESTIONS?

FISH NOT PATENTS



The New York Times

- **Supreme Court** cases argued on **17 January 2024**: *Loper Bright Enterprises, et al. v. Raimondo* (22-452); *Relentless Inc. v. Dept. of Commerce* (22-1219)
- Is forty-year-old *Chevron* doctrine—under which federal courts defer to “reasonable” federal agency interpretations of silent/ambiguous statutes—**appropriate deference** to politically accountable and technically expert agencies **or** an **unconstitutional** violation of separation of powers/Art. III/5A (“Chevron bias”)?
- Could affect **vast amounts of federal regulations** (current & planned): DoE/FTC energy efficiency; EPA air/water quality; DoL “gig” workers; SEC climate risk, etc.
- Decision due **June 2024**

A Fight Over a Fishing Regulation Could Help Tear Down the Administrative State



By **Adam Liptak**

Reporting from Cape May, N.J.

Jan. 15, 2024



WSJ | OPINION

Congress and Chevron Deference

The judicial doctrine has made it easy to abdicate power to bureaucrats.

By The Editorial Board

Jan. 17, 2024 at 6:38 pm ET

FISH NOT PATENTS



Article I: Legislative



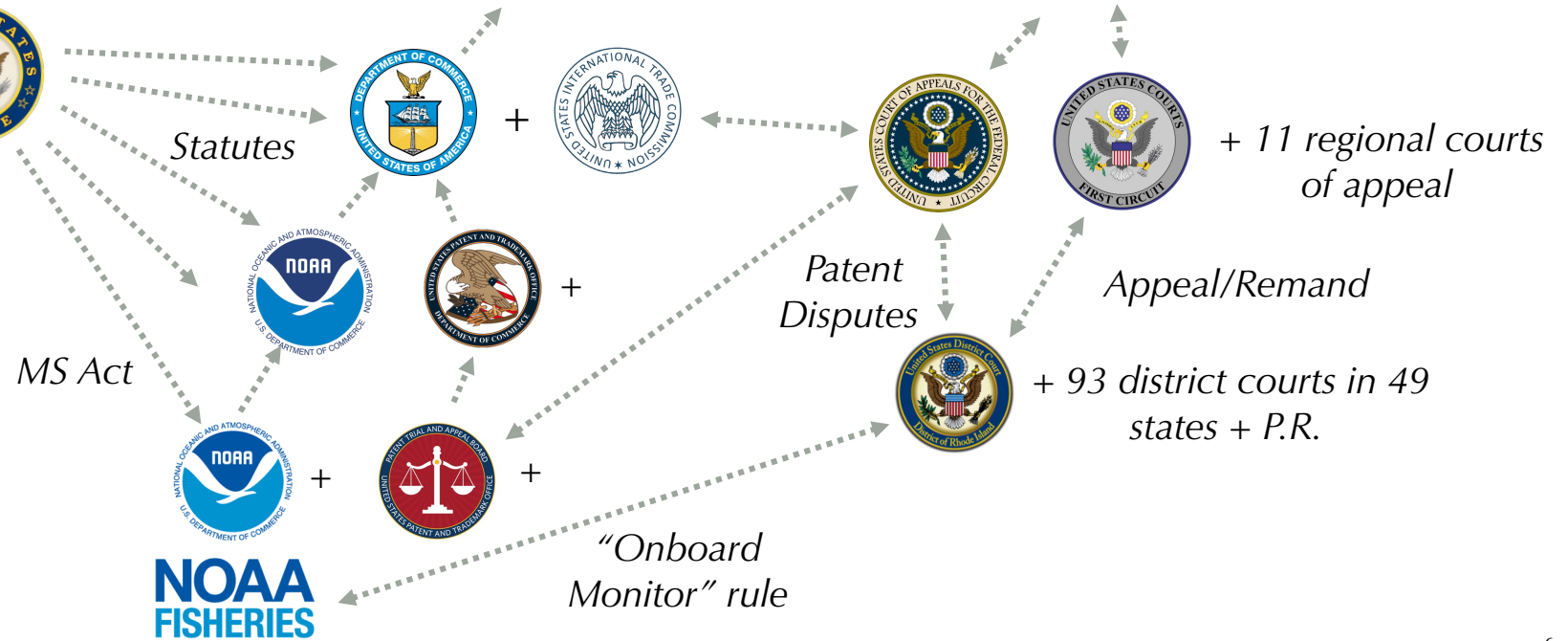
Article II: Executive



Article III: Judicial



Supreme Court



USPTO: BOUND BY STATUTES



- “The [USPTO]...**may establish regulations, not inconsistent with law, which...shall govern the conduct of proceedings** in the **Office**;”

35 U.S.C. §2(b)(2)(A) (emphasis added)

- “[T]he broadest of the PTO's rulemaking powers[] authorizes the Commissioner to promulgate regulations directed only to ‘the conduct of proceedings in the [PTO]’; it does **NOT grant** the Commissioner the **authority to issue substantive rules**...deference set forth in ***Chevron* does not apply.**”

Merck Co, Inc. v. Kessler, 80 F. 3d 1543, 1549-50 (Fed. Cir. 1996)
(quoting *Animal Legal Defense Fund v. Quigg*, 932 F.2d 920, 930 (Fed.Cir. 1991)) (emphasis added)

- Many governing statutes already clear, so USPTO usually receives **no *Chevron* deference**; e.g., final rule limiting numbers of RCE and continuation applications available as a matter of right struck down as **not consistent with** 35 U.S.C. §§ 132(a) and 120

Tafas v. Doll, 559 F.3d 1345 (Fed. Cir. 2009)

USPTO: BOUND BY STATUTES



1789: U.S. Const.: “**Congress shall have the power...to promote the Progress of...useful Arts, by securing for limited Times to...Inventors the exclusive Right to their...Discoveries**”. Art. I, sec. 1, cl. 8.

1790 & 93: First Patent Acts

1810: First **Patent Office** building funded (not burnt by British in 1814)

1836: Patent Act – (re)instates **examination** for novelty, written description, etc.

1952: “Modern” **Patent Act** - 35 U.S.C. §§ 1 et seq.

1982: FCIA – U.S. Court of Appeals for the **Federal Circuit**

1994: URAA – term **20-years from filing** (was 17-years from grant)

2000: AIPA – **18-month publication**

2011: AIA – **first-to-invent**; **PTAB** (patent “death squads”*)

2025?: PERA – patent eligibility; PREVAIL – limits on PTAB?

*Former Fed. Cir. Chief Judge Randall Rader, remarks at AIPLA annual meeting, Oct. 2013

USPTO: BOUND BY APPELLATE CASELAW



1790-1800: First patent cases in U.S. courts*

1856: “Sewing machine wars” ended by first U.S. patent pool**

2006: *eBay v. Mercexchange* (S.Ct.) – **injunctions** against **infringers** (§283)

2007: *KSR v. Teleflex* (S.Ct.) – **obviousness** determination (**§103**)

2010-14: *Bilski-AMP-Alice-Mayo* (S.Ct.) – **exceptions to patent eligibility** (**§101**)

2014: *Limelight v. Akamai* (S.Ct.) – induced and direct **infringers** (§271)

2015: *Akamai v. Limelight* (Fed. Cir.) (en banc) – divided **infringement** (§271)

2016: *Halo v. Pulse* (S.Ct.) – enhanced infringement **damages** (§284)

2018: *Oil States v. Greene* (S.Ct.): **PTAB/IPR constitutional** under Art. III, 7A

*B. Zorina Khan, *Property Rights and Patent Litigation in Early Nineteenth Century America, 1790-1820* (2007);

**Adam Mossoff, *The Rise and Fall of the First American Patent Thicket: The Sewing Machine Wars of the 1850s*, 53 Ariz. L. Rev. 165 (2011)

USPTO: VALIDITY, NOT INFRINGEMENT



- USPTO examination and reexamination focuses, naturally, on **patentability/validity** — whether a patent should issue/should have issued – and, enforceability, to extent submission of IDS, disclosure of material prior art, required
- USPTO examination **not concerned with infringement** and related issues – damages, injunctions, etc.
- Though USPTO, in its validity determinations, must follow and implement statutes and ever changing case law (Supreme Court and Federal Circuit) regarding validity, can **blissfully ignore** statutes and **case law regarding infringement** and related issues – damages, injunctions, etc. – that appears as a result of disputes between patent owners and alleged infringers.

APPELLATE CASELAW: FEDERAL CIRCUIT



- Decides appeals from district court patent disputes ($\approx 30\%$ total cases), USITC ($\approx 1\%$ total cases) and USPTO/PTAB ($\approx 20\%$ total cases)
- Usually, three-judge **panel** decides and issues either:
 - **Precedential** opinion ($\approx 1/3$ patent cases)
- Very rare: panel of all (12) active judges decides and issues **en banc** opinion:
 - Question of **exceptional importance**
 - To maintain **uniformity** or **overrule** a **panel**

See <https://empirical.law.uiowa.edu>



Official portrait
2018

APPELLATE CASELAW: SUPREME COURT



- A **generalist** court with **institutional** interests;
- Selects most of its own cases, on average, fewer than 100 of the around 10,000 petitions submitted annually
- Hears criminal and civil cases, of which patent disputes are a tiny fraction, ranging from individual rights to disputes between branches of federal government and between states
- When the Supreme Court decides a patent case on appeal from the Federal Circuit – whether originated in USPTO or district court – decision is **final** in regard to **interpretation of patent law**



"We are not final because we are infallible, but we are infallible only because we are final."

Justice Robert Jackson 1892-1954 (not pictured)

PATENT ELIGIBILITY: STATUTES



- Four categories of **patent eligible** subject matter:
 - “Whoever invents or discovers any new and useful **process, machine, manufacture, or composition of matter**, or any new and useful improvement thereof, may obtain a patent therefor, subject to the conditions and requirements of this title.”

35 U.S.C. §101 (enacted 1952)

- Two categories of **patent ineligible** subject matter:
 - “No patent shall hereafter be granted for any invention or discovery which is useful solely in the utilization of special nuclear material or atomic energy in an **atomic weapon.**”

42 U.S.C. §2181(a) (enacted 1954)

- “Notwithstanding any other provision of law, no patent may issue on a claim directed to or encompassing a **human organism.**”

AIA §33(a) (enacted 2011)

PATENT ELIGIBILITY: S.CT. *ALICE*-MAYO TEST



- Judicial **exceptions** to the four categories—process, machine, manufacture, or composition of matter—in §101, for “**abstract ideas, laws of nature or natural phenomena** (includes products of nature)”

Alice Corp. Pty. Ltd. v. CLS Bank Int'l, 573 U.S. 208, 216 (2014) (citing *Ass'n for Molecular Pathology v. Myriad Genetics, Inc.*, 569 U.S. 576, 589 (2013) (emphasis added))

- Judicial **exceptions** cover the “**basic tools of scientific and technological work**”, for which granting patents would “inhibit future innovation.”

Mayo Collaborative Servs. v. Prometheus Labs., Inc., 566 U.S. 66, 71, 86 (2012) (emphasis added)

- “[W]e must distinguish between patents that claim the ‘building blocks’ of human ingenuity and those that **integrate the building blocks into something more**”

Alice, 573 U.S. at 217 (quoting *Mayo*, 566 U.S. at 89) (emphasis added and annotations omitted)

USPTO MUST FOLLOW *ALICE-MAYO*



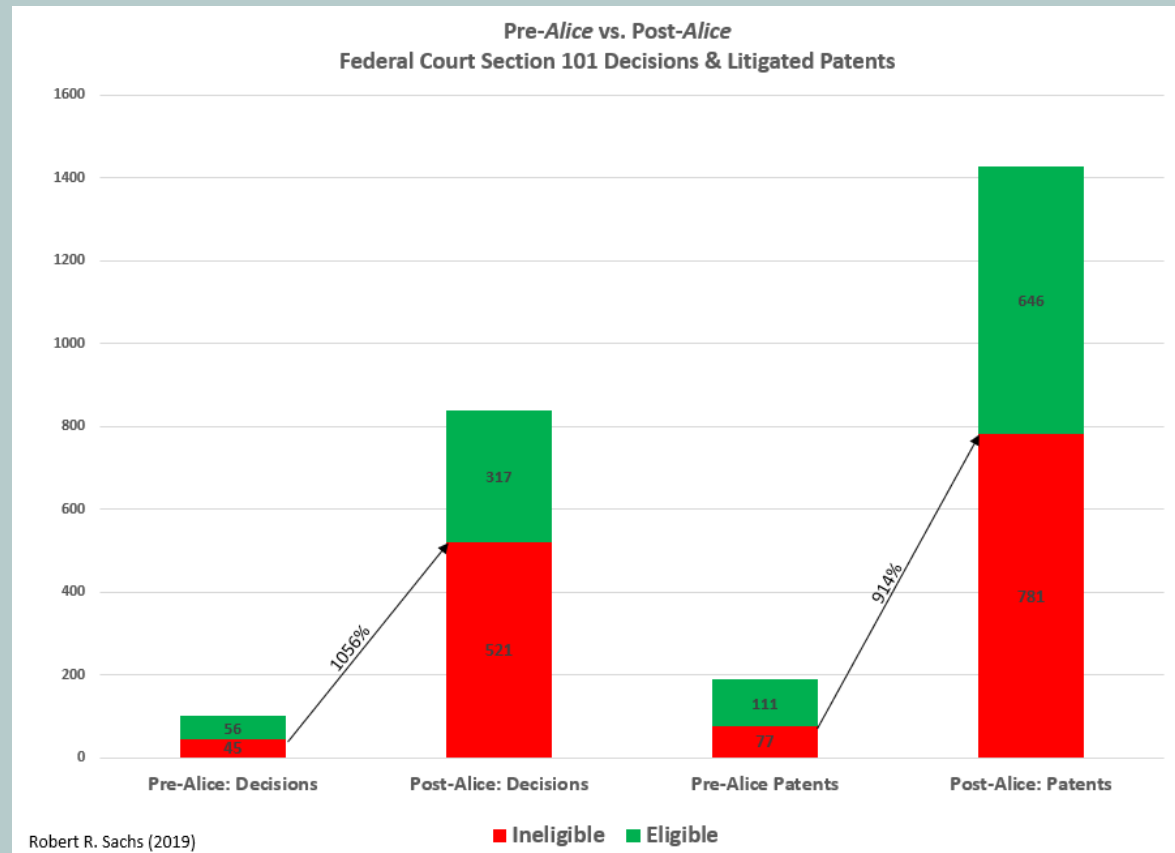
- “The **Supreme Court has explained** that the judicial exceptions reflect **the Court’s view** that **abstract ideas, laws of nature, and natural phenomena** are ‘the basic tools of scientific and technological work’, and...**excluded from patentability.**”

MPEP § 2106.04.II.A.2

- “The first part of the [*Alice/*]*Mayo* test is to determine whether the claims are directed to an **abstract idea**, a **law of nature** or a **natural phenomenon** (i.e., a judicial exception). [If so], the second part of the [*Alice/*]*Mayo* test is to determine whether the claim recites **additional elements** that amount to **significantly more** than the **judicial exception....**
- The *Alice/Mayo* two-part test is the **only test that should be used** to evaluate the eligibility of claims under examination. .”

MPEP § 2106.04

COURTS MUST FOLLOW ALICE-MAYO



- <https://www.ipwatchdog.com/2019/08/29/alice-benevolent-despot-or-tyrant-analyzing-five-years-of-case-law-since-alice-v-cl-s-bank-part-i/id=112722/>

ALICE-MAYO: DIAGNOSIS + TREATMENT



- U.S. Pat. 6,258,540 (**10 July 2001**) NON-INVASIVE PRENATAL DIAGNOSIS – no §101 rejections during prosecution - “1. A method for **detecting a paternally inherited nucleic acid** of fetal origin performed on a **maternal serum or plasma** sample from a pregnant female”
- “[T]he discovery of [cell-free fetal] DNA...is **not patentable.**”
Ariosa Diagnostics, Inc. v. Sequenom, inc., 19 F.Supp.3d 938, 950 (N.D. Cal. **2013**)
(quoting *Mayo*, 566 U.S. at 82), affirmed 788 F.3d 1371, 1378 (Fed. Cir. 2015), cert. denied 27 June 2016
- U.S. Pat. No. 8,586,610 (**19 Nov. 2013**) METHODS FOR THE ADMINISTRATION OF ILOPERIDONE – some §101 rejections during prosecution – “[T]he claims here are directed to a **specific method of treatment** for specific patients using a specific compound at specific doses to achieve a specific out-come ... different from *Mayo*. ... Accordingly, the claims are patent eligible.”
Vanda Pharm. v. West-Ward Pharm., 887 F. 3d 1117, 1136 (Fed. Cir. **2018**), cert. denied 13 Jan. 2020
- “[A claim to a diagnostic method is patent eligible] when the **additional elements** apply or use the recited judicial exception to **effect a particular treatment** or prophylaxis for a disease or medical condition.”

ALICE-MAYO: UNCERTAINTY & CONFUSION



- “*Alice*...has created a tremendous amount of **uncertainty** for innovators and **severely restricted** the patent eligibility of **high-tech** and **biopharmaceutical** innovations.”

Prof. Adam Mossoff, PERA Senate Testimony, **23 Jan. 2024**. https://www.judiciary.senate.gov/committee-activity/hearings/the-patent-eligibility-restoration-act_restoring-clarity-certainty-and-predictability-to-the-us-patent-system

- “**101 jurisprudence eliminates whole swaths of the technological universe** before they even get a chance to be tested against [novelty], [obviousness], and enablement/clarity/support].... [C]utting-edge fields ... most in need of patent protection [are] entirely excluded from the patent system. [Resulting in] **reduced investment** and **reduced innovation** in ... **medical diagnostics, biotechnology, software, blockchain** and **artificial intelligence (AI)**.”

Hon. David J. Kappos, *ibid.*

- “[A] **patchwork** of [court] decisions over time, struggling to keep up with fast-changing technologies, has created **significant confusion** and **uncertainty** as to what is in and what is outside the **bounds of [§101]**.”

Hon. Andrei Iancu *ibid.*

ALICE-MAYO & DIVIDED INFRINGEMENT



- Under *Alice-Mayo's* two-step inquiry, claims that recite “abstract ideas”, “laws of nature” or “natural phenomena”—must cover “**substantially more**” to be patent eligible
 - e.g., method for diagnosis **and** treatment
- Claims that include “substantially more”, all else being equal, more likely to involve **action** by **multiple entities** and implicate direct infringement
 - e.g., one entity does a testing step, another entity does a treatment step



John Tenniel illustration for Lewis Carroll, *Alice's Adventures in Wonderland* (Macmillan 1865)

ART 53(C) EPC & DIVIDED INFRINGEMENT?



- “1. A method of associating a plurality of objects, the method comprising the steps of...**selecting, by the caregiver using the medical device,** a specific medication of the list”
- “[T]he step of **selecting a medication..**does not form a barrier to patentability of the independent claims” under Art 53(c) EPC

T 3124/19 (Automatic association of medical elements/CAREFUSION) 12-12-2023)

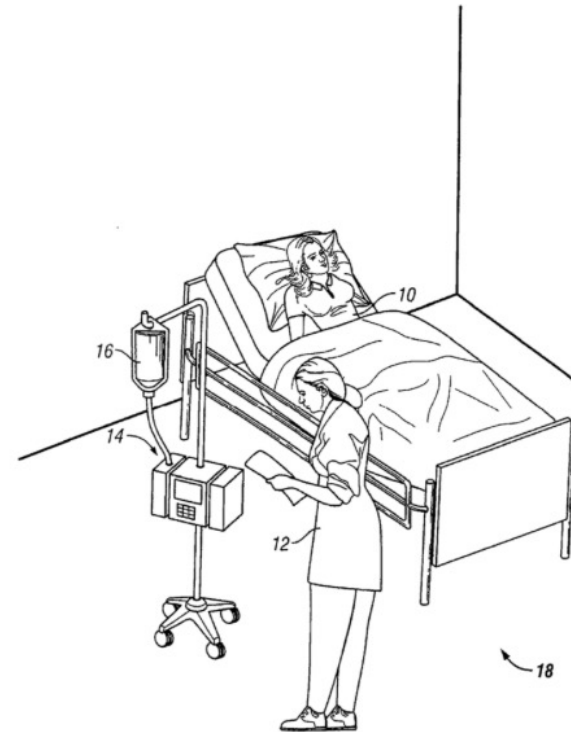


FIG. 1

DIVIDED INFRINGEMENT: METHOD & SYSTEM



Method comprising **steps** performed by **multiple entities** (e.g., client requesting a web page; server responding to a request to serve a web page)

System that is **used by multiple entities** (e.g., doctor and patient)

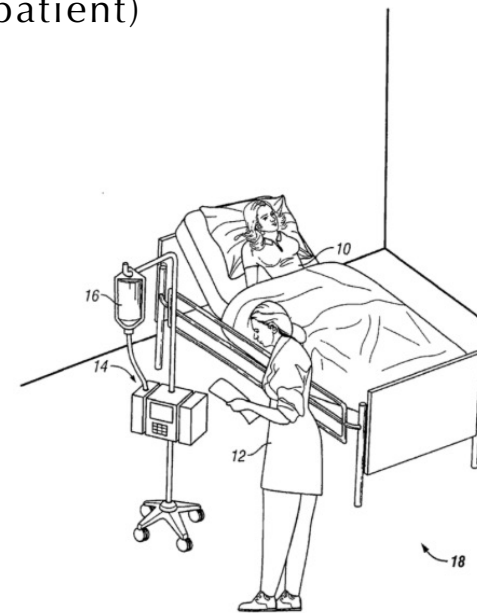
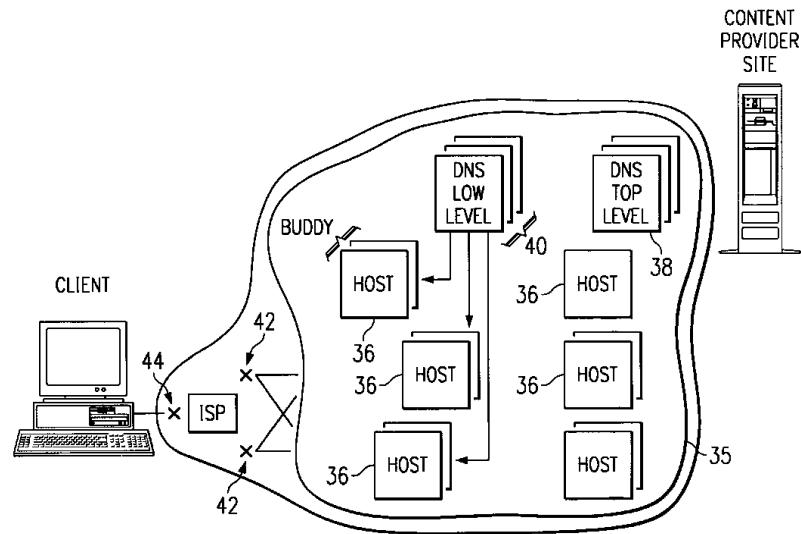
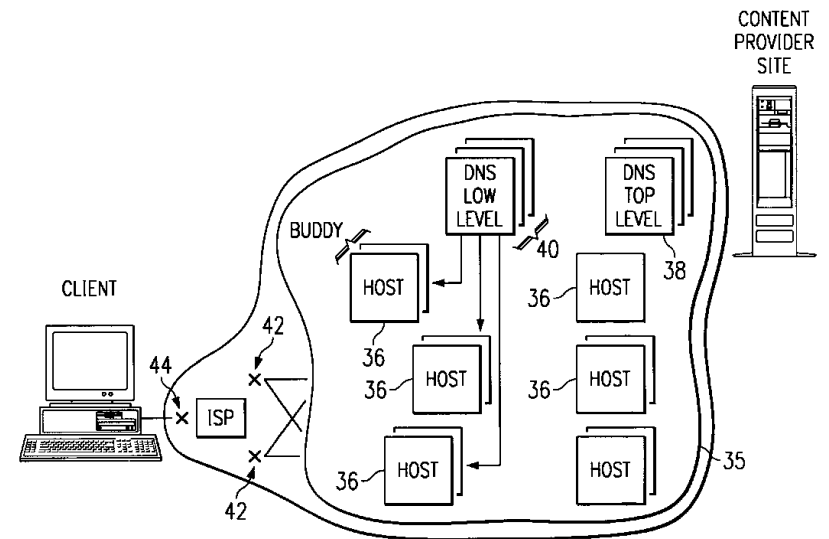


FIG. 1

U.S. PAT. 6,108,703 (MIT, EXCL. LIC. AKAMAI)



- 19. A content delivery **service**, comprising:
...for a given page normally served from the content provider domain, **tagging the embedded objects** of the page so that requests for the page objects **resolve to the domain instead of the content provider domain**;
- 34. A content delivery **method**, comprising:
...for a given page normally served from the content provider domain, **tagging** at least some of **the embedded objects** of the page so that requests for the objects resolve to the domain instead of the content provider domain



AKAMAI: 45.5M FOR INFRINGING US '703



July 1998: MIT provisional, Global Hosting Network (Leighton & Lewin), filed

Aug 1998: Akamai formed; **exclusive license** to MIT provisional

Feb 1999: Akamai delivers first commercial content (for Disney)

Aug 2000: **U.S. Pat. 6,108,703**, priority to provisional, issues

Spring 2004: Akamai, having successfully sued other competitors for infringing '703 patent, in talks with Limelight re possible acquisition

22 June 2006: Limelight tells Akamai, no longer interested in being acquired

23 June 2006: **Akamai & MIT v. Limelight**, D. Mass. for infringing '703 Patent

Feb 2008: D. Mass. (Boston) jury finds **infringement by Limelight** of claims 19-21 & 34 and awards Akamai **45.5M**

June 2008: D. Mass. Judge Zobel denies Akamai's injunction request...

See <https://www.akamai.com/company/company-history> and *Akamai Techs., Inc. v. Limelight Networks, Inc.*, 614 F.Supp.2d 90, 100 (D. Mass. 2009)

DIRECT v. INDIRECT INFRINGEMENT § 271



Direct

“(a) Except as otherwise provided in this title, **whoever** without authority makes, **uses**, offers to sell, or sells any **patented invention, within the United States[*]** or imports into the United States any patented invention ... **infringes the patent.**”

* An offer “made in Norway by a U.S. company to a U.S. company to sell a product within the U.S., for delivery and use within the U.S. constitutes an offer to sell.” *Transocean v. Maersk*, 617 F.3d 1296, 1309 (Fed. Cir. 2010)

Indirect

“(b) Whoever **actively induces** infringement of a patent shall be liable as an infringer. (c) Whoever **offers to sell** or **sells** within the United States or **imports** into the United States a **component...or a material or apparatus ... knowing the same** to be especially made or especially adapted for use in an infringement of such patent ... shall be liable as a **contributory infringer.**”

** §271(f), “supply” of “components” for combination outside the United States, and §271(g), “import” of “a product” into the United States, require no separate direct infringement

AKAMAI: 45.5M AWARD IN DOUBT



July 2008: Fed. Cir. – *Muniauction*, 532 F.3d 1318, 1329 (Fed Cir. 2008) (“‘arms-length cooperation’ will not give rise to direct infringement.”)

April 2009: D. Mass. – Judge Zobel applies *Muniauction*, revokes 45.5M award; some steps, e.g., **tagging, not performed by Limelight**, but by **its customers**

Dec 2010: Fed. Cir. – Limelight not liable for acts of its customers since no principal-agent relationship

Aug 2012: Fed. Cir. en banc – Limelight did not directly infringe but did induce infringement by its customers

June 2014: S.Ct. – Limelight **cannot induce infringement in the absence of direct infringement**; remands re divided direct infringement

May 2015: Fed. Cir. – Limelight did not directly infringe, since neither principal-agent nor subcontractor relationship with its customers, nor in a joint enterprise

Aug 2015: Fed. Cir. en banc – Limelight did directly infringe, is liable for the acts of its customers because **Limelight directs or controls its customers**

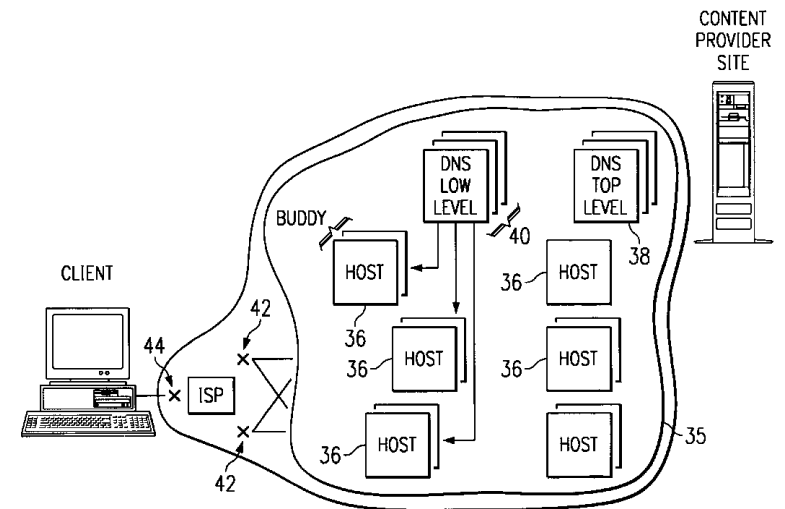
Nov 2015: Fed. Cir. – remands to D. Mass...

AKAMAI: DIRECT V. INDIRECT INFRINGEMENT



- “[I]nducement liability may arise if, but **only if**, there is **direct infringement**.
- A method patent ... is not infringed unless **all** the **steps** are carried out.
- **Limelight cannot be liable** for inducing infringement that never came to pass.”

Limelight Networks, Inc. v. Akamai Techs., Inc., 134 S.Ct. 2111, 2117-18 (2014) (referencing decision on §271(c) in *Aro Mfg. Co. v. Convertible Top Replacement Co.*, 365 U.S. 336, 341 (1961))
(quotation marks and annotations omitted)



AKAMAI: MULTI-ENTITY METHOD



“An actor is liable for [direct] infringement under § 271(a) if it acts through an **agent** or **contracts** with another to perform one or more **steps** of a claimed **method**....

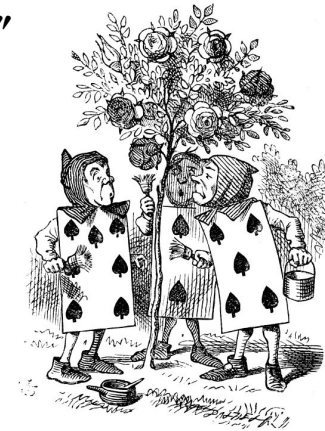
also

(1) where that entity **directs or controls others' performance**,...

(2) where the **actors form a joint enterprise**”

Akamai Techs., Inc. v. Limelight Networks, Inc. 797 F.3d 1020, 1022-23 (Fed. Cir. 2015) (en banc) (citations omitted)

“directs or controls”



“joint enterprise”



AKAMAI: “JOINT ENTERPRISE”



“A **joint enterprise** requires proof of four elements:

1. an **agreement**, express or implied, among the members of the group;
2. a **common purpose** to be carried out by the group;
3. a **community of pecuniary interest** in that purpose, among the members; and
4. an equal right to a voice in the direction of the enterprise, which gives an **equal right of control.**”

797 F.3d at 1023 (citations omitted)



AKAMAI: “DIRECTS OR CONTROLS”



“[I]f a single entity **directs or controls** the acts of another... liability under § 271(a) can **also** [i.e., in addition to contracting for performance of a step or on basis of principal-agent, e.g., **employer-employee**, relationship] be found when an alleged infringer[:]

- **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.”

797 F.3d at 1022-23 (citation omitted)



AKAMAI: “DIRECTS OR CONTROLS”



- **Evidence:** language in Limelight customer contracts, customer interactions with Limelight engineers, etc.:
- “**Limelight conditions** customers' **use** of its **content delivery network upon** its customers' **performance of the tagging and serving** method steps.

establishes the **manner** and **timing** of its **customers' performance** so that customers can only avail themselves of the service upon their performance of the method steps.

Limelight ... liable for direct infringement.”

797 F.3d at 1024-25 (citation omitted)



AKAMAI: 51.1M AWARD REINSTATED



30 June 2016: D. Mass. – Judge Zobel awards **Akamai 51.1M**

2 April 2018: Akamai and Limelight settle patent disputes – after **only 12 years of litigation**

<https://www.businesswire.com/news/home/20180402005634/en/Limelight-Networks-and-Akamai-Technologies-Settle-All-Outstanding-Legal-Dispute>

- In *Akamai*, U.S. '703 **method** claims covered steps that could be performed by **multiple parties**, requiring proof of **divided direct infringement**, complicating the dispute
- With hindsight, **method** claims could have been drafted to cover actions of only a **single entity** and not require proof of **divided direct infringement**

S

AKAMAI APPLIED: *ELI LILLY*



- Eli Lilly's U.S. Pat. 7,772,209 (10 Aug 2010) claims **methods**:
 - **Pretreatment** with common vitamins: administer folic acid (**patient**) & B12 (**doctor**); and
 - **Treatment** by administration of chemotherapy drug pemetrexed (**doctor**)
- Teva: **indirect** infringer (ANDA "Hatch-Waxman" §271(e)(2))
- Doctor (with patient): **direct** infringer of '209 Patent
- Do doctors "**direct** or **control**" their patients' administration of folic acid?

Eli Lilly & Co. v. Teva Parenteral Medicines, 845 F.3d 1357, 1361, 1364 (Fed. Cir. 2017)

AKAMAI APPLIED: *ELI LILLY*



- Information to be provided by Teva to prescribing doctors, product labelling, and expert testimony all support conclusion that doctors would:
 - **condition** patients' **receipt of pemetrexed** treatment on **patients' administration of folic acid**
 - establish the **manner** and **timing** of patients' folic acid intake

Eli Lilly, 845 F.3d at 1365-67

- “Our holding today does **not** assume that patient action is **attributable** to a prescribing physician **solely because they have a physician-patient relationship.**”

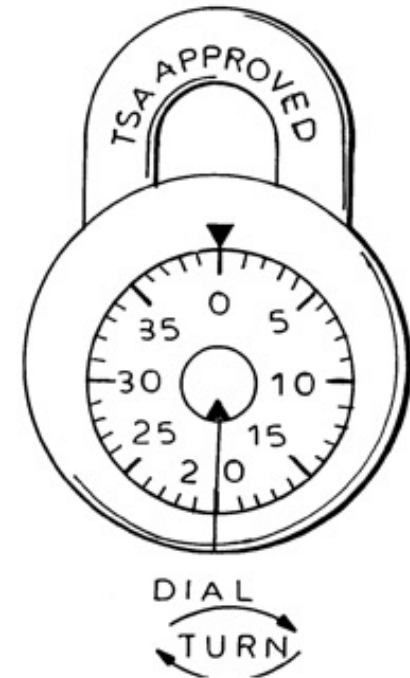
Id. at 1368

AKAMAI EXTENDED: TRAVEL SENTRY



- Tropp's U.S. 7,021,537 (4 April 2006) and 7,036,728 (2 May 2006) claim **methods** of improving carrier baggage inspection by a screening entity [e.g., TSA], comprising:
- providing travellers with a dual access baggage lock, comprising a **combination lock** accessible to travellers and a **passkey lock** accessible to security staff
- providing **passkey** to security staff
- **signalling to security staff**, using indication on dual access lock, passkey accessibility
- **security staff**, pursuant to prior agreement, **looking for indication** of passkey accessibility and, if necessary, opening baggage using master key

Travel Sentry, Inc. v. Tropp,
877 F.3d 1370 (Fed. Cir. 2017)



AKAMAI EXTENDED: TRAVEL SENTRY

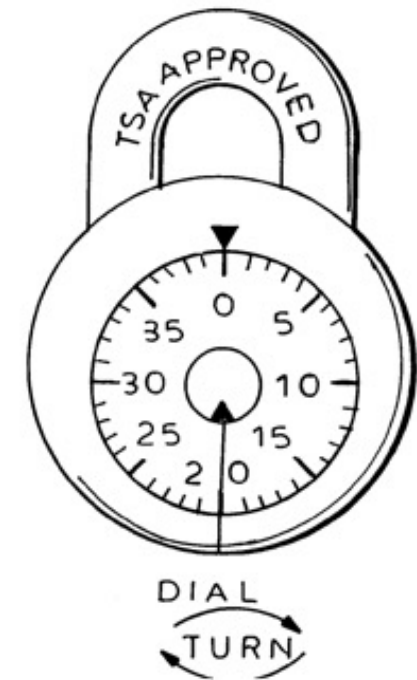


Advances an alternative, **looser, standard** for demonstrating “**direction** or **control**” over a step or steps, could be shown by possession of “**right** and **ability to stop** or **limit**” the other entity’s performance of that step or steps (analogizes to provision of peer-to-peer file sharing in copyright):

- “[A]n actor ‘**infringes vicariously** by profiting from direct infringement’ if that actor has the **right** and **ability to stop** or **limit the infringement.**”

Travel Sentry, 877 F.3d at 1385 (quoting *Akamai*, 797 F.3d at 1023 citing *MGM v. Grokster, Ltd.*, 545 U.S. 913, 930 (2005))

- “Travel Sentry [**could** direct and control, since] ‘has the **right** and **ability to stop** or **limit**’ TSA’s ability to practice the **final two claim steps**...including [by] terminating the MOU, [not] replacing passkeys...changing the design of future locks.”



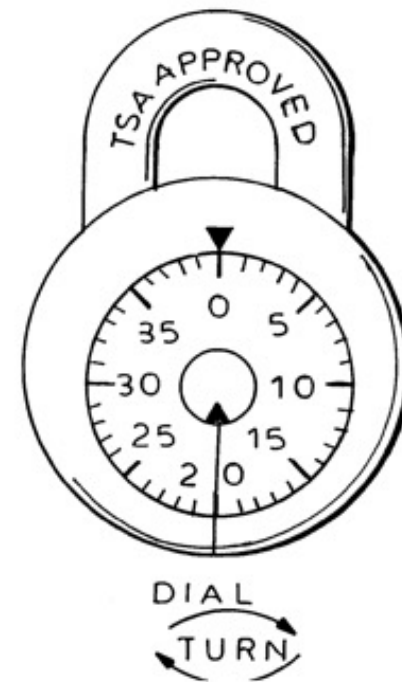
Id. at 1385

AKAMAI EXTENDED: TRAVEL SENTRY



- Eventually resolved, not in inventor Tropp's favor, under **§101**:
- “[T]he Court finds that Tropp's claims are directed to an ineligible **abstract idea**, namely the **application of dual-access locks to airport luggage inspection**. The Court agrees with Travel Sentry that Tropp's method patents have essentially described the basic steps of using and marketing a dual-access lock for luggage inspection, a long-standing fundamental economic practice and method of organizing human activity.”

Travel Sentry v. Tropp, 527 F. Supp.3d 256, 265 (E.D. N.Y. 2021)
affirmed Civ. No. 2021-1908 (Fed. Cir. Feb. 14, 2022) cert. denied
15 May 2023

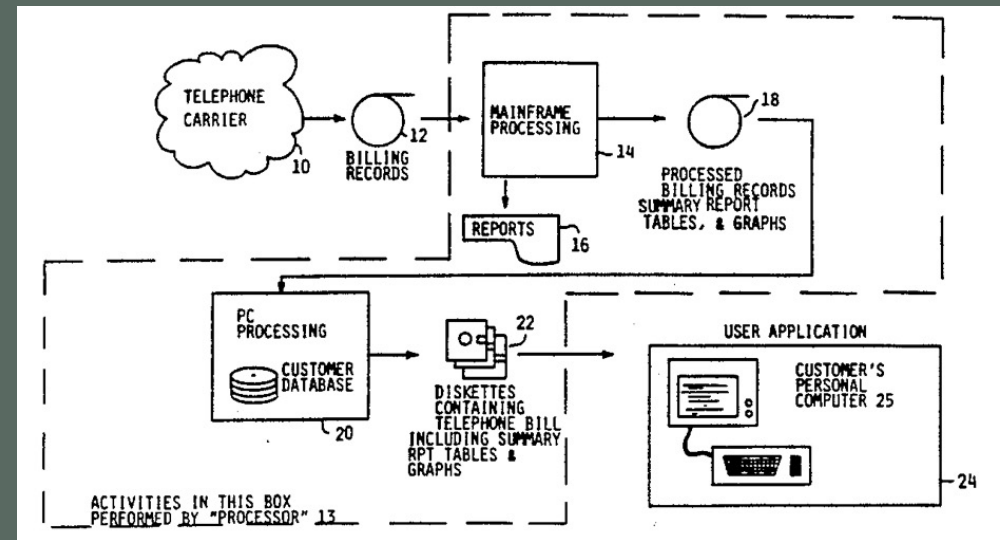


CENTILLION: MULTI-USER SYSTEM



- “1. A **system** for presenting information concerning the actual cost of a service provided to a user **by a service provider**, said system comprising:...storage means...data processing means...display on a **personal computer data processing means**...”
- “While Qwest may make the back-end processing elements, it never “uses” the entire claimed system because **it never puts into service the personal computer data processing means**. Supplying the software for the customer to use is not the same as using the system.
- *Data Sys., LLC v. Qwest Comm. Int'l, Inc.*, 631 F.3d 1279, 1286 (Fed- Cir. 2011)

U.S. 5,287,270, BILLING SYSTEM (15 Feb. 1994)

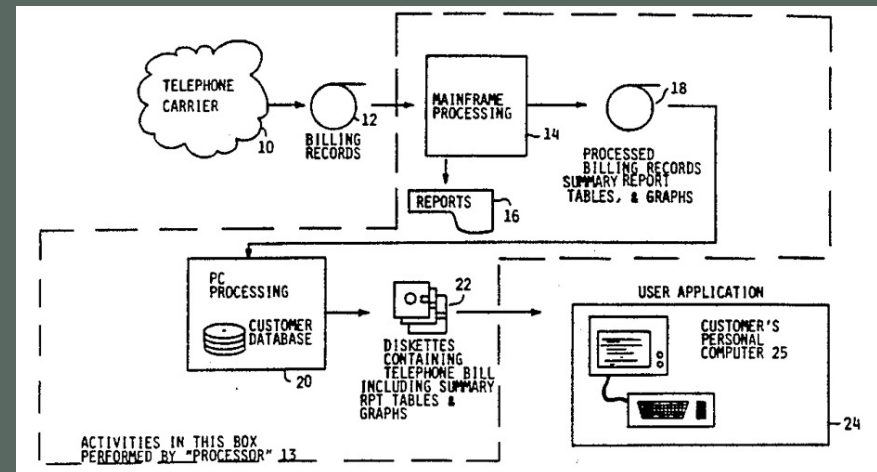


CENTILLION: MULTI-USER SYSTEM



- “1. A **system** for presenting information concerning the actual cost of a service provided to a user **by a service provider**, said system comprising:...storage means...data processing means...display on a **personal computer data processing means**...”
- “[T]o ‘**use**’ a **system** for purposes of infringement, a party must put the invention into service, i.e., **control the system as a whole and obtain benefit from it**...”
- *Centillion*, 631 F.3d at 1284 quoting *NTP, Inc. v. Research in Motion, Ltd.*, 418 F.3d 1282, 1317 (Fed. Cir. 2005)

U.S. 5,287,270, BILLING SYSTEM (15 Feb. 1994)

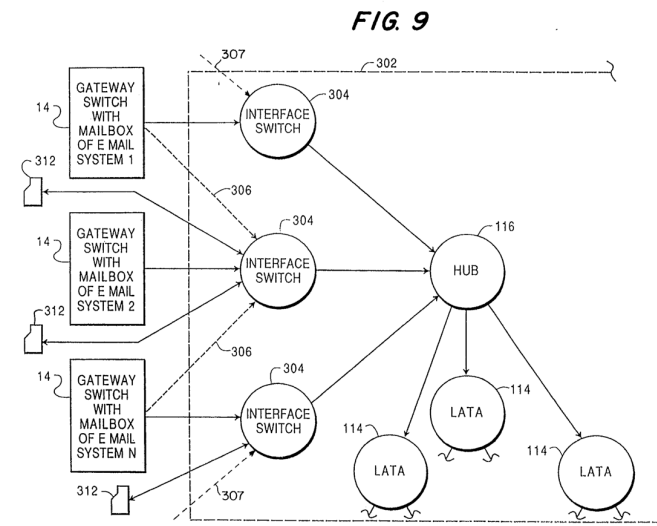


NTP: EXTRATERRITORIAL METHODS/SYSTEMS



- “1. A **system** for transmitting originated information...**in an electronic mail system**...comprising:
at least one gateway switch...
a RF information transmission network...at least one **interface switch**....”
- “18. A **method** for transmitting originated information...**in an electronic mail system**...comprising:
transmitting the originated information ...to a gateway switch...; transmitting the originated information from the gateway switch **to an interface switch**;
transmitting...**from the interface switch** to a RF information transmission network...”

U.S. 5,436,960, ELECTRONIC MAIL SYSTEM WITH RF COMMUNICATIONS TO MOBILE PROCESSORS AND METHOD OF OPERATION THEREOF (25 July 1995)



NTP: EXTRATERRITORIAL METHODS/SYSTEMS



- “The use of a claimed **system**...is the...place where **control**...is **exercised** and **beneficial use**...**obtained**....RIM’s customers located within the United States controlled the transmission of the originated information and also benefited from such an exchange of information. Thus, the location of **the [interface switch] in Canada did not**, as a matter of law, **preclude infringement** of the asserted **system claims**
- [A] **process** cannot be **used** "within" the United States as required by section 271(a) unless **each of the steps is performed within this country**. [E]ach of the asserted method claims...recites a step that utilizes an "interface" or "interface switch," which is only satisfied by the use of RIM's Relay **located in Canada**....[T]hese claimed methods **could not be infringed** by use of RIM's system.”



NTP, Inc. v. Research in Motion, Ltd., 418 F.3d 1282, 1317-18 (Fed. Cir. 2005)
(citations omitted)

INT'L VENTURES: MULTI-USER SYSTEM



- “A system comprising a ‘communications device,’ a ‘second device,’ and an ‘authenticating device configured to ... generate a delivery report.’...”
- “Motorola contends that IV failed to offer evidence of a directly infringing ‘use’ of the claimed system because **none of the accused direct infringers ‘used’ the ‘authenticating device configured to ... generate a delivery report.’**.... *Centillion* and *NTP* held that to ‘use’ something is to put it into service, which means to control and benefit from it. And *Centillion* explicitly added that, to use a claimed system, what must be “used” is each element. ... [I]t follows that, to **use a system**, a person must **control** (even if indirectly) and **benefit** from **each claimed component**.”

- *Intellectual Ventures I v. Motorola Mobility*, 870 F.3d 1320, 1328-29 (Fed. Cir. 2017)

INT'L VENTURES: MULTI-USER SYSTEM



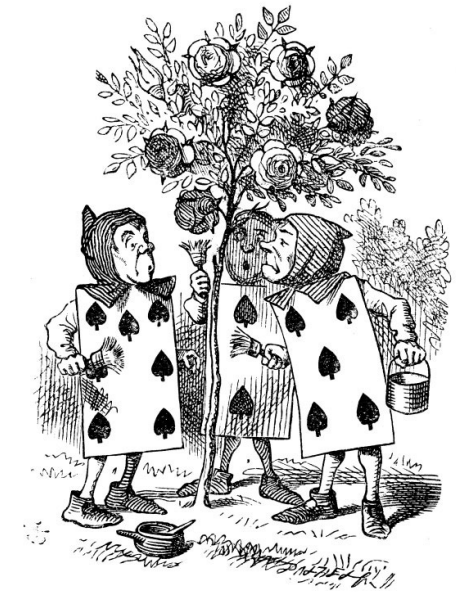
- “With respect, **my colleagues are incorrect.** ...
- *Centillion* **did not establish** a new requirement for infringement whereby a **user must benefit from every element of the system.** ...
- See *Centillion*, 631 F.3d at 1285 (“By causing the system as a whole to perform this processing and obtaining the benefit of the result, the customer has `used' the system under § 271(a).”).
- This definition of ‘use’ properly captures the scope of infringement for which *Centillion* stands.”
 - *Intellectual Ventures I*, 870 F.3d at 1333 (Newman, J. dissenting opinion)



DIVIDED INFRINGEMENT RECAP: METHODS



- The multiple entities form a **joint enterprise** (*Akamai*)
- One entity “**directs**” or “**controls**” performance of the steps it does not itself perform, by:
 - **conditioning participation** in an **activity** or **receipt of a benefit** upon the other entities’ **performance of the steps**, and
 - establishing the **manner or timing** of that **performance**. (*Akamai*)
- One entity has the “**right**” and “**ability**” to “**stop**” or “**limit**” the the action of other entities that lead to infringement. (*Travel Sentry*)



DIVIDED INFRINGEMENT RECAP: SYSTEMS



- One entity need not itself use every single component but must **control the system as a whole** and **obtain benefit from its use.** (*Centillion*)
- One entity must **control** (even if indirectly) and **benefit from each** claimed **component.**" (*Intellectual Ventures I*)



DIVIDED INFRINGEMENT RECAP: CONTEXT



Methods: a customer's actions can be attributed to supplier, based on:

- Supplier's provision of **instructions**, materials, **technical support**, etc.; or
- Supplier's **right** and **ability** to **stop** or **limit** the infringement

Systems: a customer's use of a system can be attributed to supplier, based on:

- Supplier's **control** of the **system as a whole**; and
- Supplier's **obtaining a benefit from the use** of (each component of?) the system

DIVIDED INFRINGEMENT: EPO & UPC?



- EPO – concerned only with **validity**
- UPC – concerned with validity and infringement:
 - Art. 25: **direct infringement**
 - Art. 26: **indirect infringement**
- Could the UPC, like U.S. courts, develop a divided infringement doctrine?



RECOMMENDATIONS: CLAIM DRAFTING



- **Methods**

- Avoid including different steps that could be performed by different entities (e.g. by a supplier and its customers)
- Claim any such multi-entity method from the point of view of a single entity
- If must claim different steps that could be performed by different entities, consider whether one entity would necessarily control or direct the other entities' performance of the other steps?

- **Systems**

- Avoid claims that cover a system that could be used by multiple entities
- Claim a component (or components) with a single user within the multi-user system
- If must claim a multi-user system, consider whether one entity would necessarily control the system as a whole and receive the benefit from its use

RECOMMENDATIONS: ACCUSED INFRINGER



Methods

- If accused of infringing a multi-entity method, consider whether one entity controls or directs the other entities' performance of the other steps.
- Does one entity provide **instructions** or **guidance** or **materials** to the other entities regarding their performance of the other steps?
- Does one entity have the **right** or **ability** to **limit** or **stop** the actions of the other entities?

Systems

- If accused of infringing a multi-user system, consider whether one entity **controls** the **system as a whole** and receives the **benefit** from its use (as a whole or every component)
- In both cases, **context matters**: contractual terms, technical support, instructions, ownership of materials or equipment, which entities perform which acts/use which components, etc.

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