

No. 12-786

IN THE
Supreme Court of the United States

LIMELIGHT NETWORKS, INC.,

Petitioner,

v.

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

Respondents.

ON WRIT OF CERTIORARI TO THE UNITED STATES
COURT OF APPEALS FOR THE FEDERAL CIRCUIT

**BRIEF OF *AMICUS CURIAE*
ELECTRONIC FRONTIER FOUNDATION
IN SUPPORT OF PETITIONER**

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INTEREST OF AMICUS CURIAE¹

The Electronic Frontier Foundation (“EFF”) is a nonprofit civil liberties organization that has worked for more than 20 years to protect consumer interests, innovation, and free expression in the digital world. EFF and its more than 29,000 dues-paying members have a strong interest in helping the courts and policy-makers in striking the appropriate balance between intellectual property and the public interest.

Before this case, the Federal Circuit correctly held that multiple parties may only be liable for the same infringement if one party is acting as an agent of the other. This requirement not only comports with longstanding legal and policy principles, it also provides essential protection for third parties who could unknowingly end up as defendants to an expensive patent lawsuit. Opening up third parties to that unacceptable risk could have drastic effects on innovation and experimentation. Some perceive this rule to result in what the Government has called a “statutory gap”—namely, the inability to find infringement when multiple parties perform a patent’s claimed steps. Multiple parties performing a single patent’s claims is

1. No counsel for a party authored this brief in whole or in part, and no such counsel or party made a monetary contribution intended to fund the preparation or submission of this brief. No person other than the amicus curiae, or its counsel, made a monetary contribution intended to fund its preparation or submission. Petitioner’s blanket consent to the filing of amicus briefs was filed with the Court on January 31, 2014; Respondents’ counsel consented to this brief’s filing in writing on February 20, 2014. Web sites cited in this brief were last visited on February 19, 2014.

something that has become more common with today's software-based inventions. Facing this so-called "gap," the Federal Circuit chose to impermissibly rewrite patent law and dangerously expand the scope of potential liability for inducement under 35 U.S.C. § 271(b).

These issues—of divided infringement and inducement—are of critical importance to consumers and the public interest. As an established advocate for the interests of consumers and innovators, EFF has a perspective to share that is not represented by the parties to these appeals, neither of whom speaks directly for the interests of consumers or the public interest generally.

As part of its mission, EFF has often served as amicus in key patent cases, including *Microsoft Corp. v. i4i Ltd. P'ship*, 131 S. Ct. 2238 (2011); *Bilski v. Kappos*, 130 S. Ct. 3218 (2010); *Quanta Computer, Inc. v. LG Electronics Inc.*, 553 U.S. 617 (2008); *KSR Int'l Co. v. Teleflex Inc.*, 550 U.S. 398 (2007); and *eBay Inc. v. MercExchange, L.L.C.*, 547 U.S. 388 (2006).

INTRODUCTION AND SUMMARY OF ARGUMENT

Respondents originally asked the lower court to overturn the line of cases establishing limits on proving divided infringement. Such a ruling would have created a new category of potential patent defendants: third-party users, customers, and consumers, *i.e.*, a group that is likely to lack both requisite knowledge of the patent laws and resources to make a robust defense. Essentially, Respondents asked the court to rewrite patent law so these persons take on risk that they never contemplated and would be hard-pressed to mitigate.

In refusing to do that, the Federal Circuit recognized a so-called “statutory gap” in the law, which “will likely permit vendors such as Limelight to avoid liability altogether.” Br. of United States as Amicus Curiae, at 10 (December 2013). Faced with this perceived gap in the patent laws, the Federal Circuit opted to extend the scope of liability for inducement under 35 U.S.C. § 271(b), for the first time allowing a party to be found liable for inducement when there is no underlying instance of direct infringement.

There are several reasons why the Federal Circuit got this wrong. First, there is a much simpler and safer answer to the so-called “statutory gap”: careful claim drafting to avoid the joint infringement issues about which the Federal Circuit was apparently concerned and about which Respondents complain. Indeed, rejecting Respondents’ unwieldy alternatives, and thereby encouraging such careful drafting, would better fulfill fundamental patent policy. A patent owner only upholds its end of the patent bargain when it drafts claims that clearly put parties on notice of potential infringement. Doing so avoids the uncertainty and potentially unbounded liability that vague claim terms create. That uncertainty is particularly problematic in the software and information technology (IT) areas, and especially burdens third-party users of those technologies.

By the same token, the Court should not be swayed by the Respondents’ complaint that requiring the existence of a direct infringer improperly leaves patent owners without an infringement remedy. As several of the lower court’s previous cases demonstrate, when a patent owner chooses to assert poorly drafted claims, there is

nothing remarkable or unusual with a resulting finding of noninfringement, or even invalidity.

Second, to the extent this Court may decide to take the issue of joint infringement (*Akamai Technologies, Inc. v. Limelight Networks, Inc.*, No. 12-960), traditional strict liability reasoning counsels against Respondents' expansive view of that doctrine. Patent law—as with most areas of the law—relies on well-settled least-cost-avoider principles to determine which party bears the burden of avoiding harm, and then requires that party to affirmatively act. In the case of infringement, a patent owner has the rare ability to determine the scope of her rights, specifically, by drafting claims that encompass infringing activity. Having given notice in this way, a patent owner may hold intruders on its limited monopoly strictly liable. However, the policies underlying the imposition of strict liability do not reach to third parties, who likely will not benefit from the notice function of the patent they allegedly infringe. As such, economics and fundamental fairness dictate that an unsuspecting third party should not bear the costs of potential infringement. Rather, the patent owner, who may draft her claims however she sees fit, should bear the burden of drafting sensible claims.

ARGUMENT

I. Careful Claim Drafting, Not Broadened Liability, Is the Best Way to Efficiently Protect Both Patent Owners and Third Parties

A. Respondents' Problem Is Better Addressed By More Careful Claim Drafting

The Federal Circuit has essentially attempted to rewrite patent law in order to address a problem that is largely of Respondents'— or any other patent holders'— own making. Patent law requires a patent's specification to “conclude with one or more claims particularly pointing out and distinctly claiming the subject matter which the inventor or a joint inventor regards as the invention.” 35 U.S.C. § 112(b). This important notice function “promotes the invention, development, and commercialization of innovative products, one of the most important forms of competition, by helping third parties and patent owners avoid ‘uncertainty as to their rights.’” Federal Trade Commission, *The Evolving IP Marketplace: Aligning Patent Notice and Remedies with Competition* 75, (Mar. 2011)² (“FTC Report”) (citing *Gen. Elec. Co. v. Wabash Appliance Corp.*, 304 U.S. 364, 369 (1938)); *see also Retractable Tech. Inc. v. Becton, Dickinson & Co.*, 653 F.3d 1296, 1311 (Fed. Cir. 2011) (Plager, J., concurring) (“However much desired by the claim drafters, who want claims that serve as business weapons and litigation

2. Available at: <http://www.ftc.gov/os/2011/03/110307patentreport.pdf>. *See also* FTC Report Recommends Improvements in Patent System to Promote Innovation and Benefit Consumers, Federal Trade Commission (Mar. 7, 2011), <http://www.ftc.gov/opa/2011/03/patentreport.shtm>.

threats, the claims cannot go beyond the actual invention that entitles the inventor to a patent.” (internal citations omitted)).

Unfortunately, vague and poorly drafted claims are common, and that appears to be precisely the case here. For example, here the relevant claim language that involves the third party’s “tagging” action is:

A content delivery method, comprising: distributing a set of page objects across a network of content servers managed by a domain other than a content provider domain, wherein the network of content servers are organized into a set of regions; 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; in response to a client request for an embedded object of the page: resolving the client request as a function of a location of the client machine making the request and current Internet traffic conditions to identify a given region; and returning to the client an IP address of a given one of the content servers within the given region that is likely to host the embedded object and that is not overloaded.

U.S. Patent No. 6,108,703, claim 34 (filed May 19, 1999) (emphasis added).

Respondents' claims might have been drafted to focus on a single entity. Mark A. Lemley, *et al.*, *Divided Infringement Claims*, 33 AIPLA Q.J. 255, 272-75 (2005) (listing examples of how to redraft claims to avoid claims that can be practiced by multiple parties). For example, in Respondents' claim 34 reproduced above, the server side performed all the claimed steps except the "tagging" step, which was performed by the third party. The "tagging" step could easily have been drafted to provide for action by the server side also, as shown by this example (additions to the actual claim language are underlined, deletions are in strikethrough):

for a given page normally served from the content provider domain, receiving at the server at least some tagged ~~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;

Such a simple change would have helped alleviate any problem Respondents would have in enforcing their patent, at a far lower cost than the dramatic legal shift Respondents requested and the Federal Circuit granted.

B. There is Nothing Remarkable About a Patent That, for Practical Purposes, Cannot be Infringed

Respondents argue that the single party rule renders some patents unenforceable, leaving patent owners "without a patent infringement remedy." Respondents' Brief in Opposition to Petition for a Writ of Certiorari (April 3, 2013) at 32 ("Respondents' Cert. Opp."). By

relying on inducement to reach at these so-called instances of joint infringement, the Federal Circuit apparently agreed. But what Respondents essentially argue is that all issued patents must be enforceable and capable of being infringed—even if better claim drafting would have resulted in different claims that unquestionably could be infringed. See *Akamai Technologies, Inc. v. Limelight Networks, Inc.*, 692 F.3d 1301, 1349-51 (Fed. Cir. 2012) (en banc) (Linn, J., dissenting) (noting that “the claim drafter is the least cost avoider of the problem of unenforceable patents due to joint infringement”); *BMC Resources, Inc. v. Paymentech, L.P.*, 498 F.3d 1373, 1381 (Fed. Cir. 2007), *overruled in part* by *Akamai*, 692 F.3d at 1306.

However, there is nothing remarkable about patents that cannot be infringed or enforced because of poor claim drafting. A leading example from the lower court is *Chef Am., Inc. v. Lamb-Weston, Inc.*, 358 F.3d 1371, 1373-75 (Fed. Cir. 2004). That case involved a patent for cooking dough: the claims required heating the dough to a temperature “in the range of about 400° F. to 850° F.” *Id.* at 1371. The only problem was that doing so would burn the dough “to a crisp.” *Id.* at 1373. The defendant understandably did not perform this step of the patented method. The Federal Circuit affirmed a judgment of non-infringement, notwithstanding the fact that the patent was, as here, effectively left unenforceable. The court refused to rewrite the claims to read heat the “dough **at** a temperature” instead of what was written, heat the “dough **to** a temperature.” See *id.* at 1373, 1375 (emphasis added). As a result, the court declined to preserve the patent rights that Respondents here urge must always be present. The court agreed with the district court’s assessment of the case:

Courts are not permitted to redraft claims Plaintiff's patent could have easily been written to reflect the construction plaintiff attempts to give it today. It is the job of the patentee, and not the court, to write patents carefully and consistently.

Id. at 1373.

In more extreme circumstances, the Federal Circuit has held claims invalid because of poor drafting, thus precluding their enforcement against anyone. *See Process Control Corp. v. HydReclaim Corp.*, 190 F.3d 1350, 1357-1359 (Fed. Cir. 1999) (claim was held invalid under 35 U.S.C. § 112 because, as written, it recited an impossibility); *Allen Eng'g Corp. v. Bartell Indus., Inc.*, 299 F.3d 1336, 1349 (Fed. Cir. 2002) (holding that “perpendicular” does not mean “parallel,” hence claim was invalid).

The patent owners in *Chef Am.*, *Process Control* and *Allen Eng'g*—as well as Respondents in this case—could each have drafted their claims to help avoid the outcome of which Respondents complain. Penalizing inadequate drafting is a good way to encourage patent applicants to write better claims. And in any event, the fact that some claims are poorly drafted, resulting in unenforceable patents, is no reason to rewrite the law on inducement or joint liability.

C. Inadequate Claim Drafting Heightens the Risk to Third Parties

The notice function serves an important role in the larger patent bargain: in order to obtain a limited monopoly, a patent owner must teach the public how to practice the technology and also “apprise the public of what is still open to them.” *McClain v. Ortmyer*, 141 U.S. 419, 424 (1891); *PSC Computer Prods. v. Foxconn Int’l*, 355 F.3d 1353, 1359 (Fed. Cir. 2004). Yet, while important, the public notice function of software patents—often the type covering “interactive methods”—is notoriously ineffective, even for those skilled in the relevant art.

For example, the FTC states that little clarity exists in claim language typically used in software patents and, as a result, many in the IT sector have admitted to “frequently” not performing clearance searches and even simply ignoring patents. FTC Report at 80 (“the notice function ‘is not well served at all’”), 83 (noting a “fundamentally poor fit” between claim language and software-related patents). The problem is exacerbated by the fact that many “features are embodied in components supplied by other manufacturers,” leaving even those highly skilled in the art unable to ascertain the complicated and relevant patent landscape. *Id.* at 90.³

If highly-skilled IT workers have a hard time searching and understanding the relevance of software

3. Raising the standard for the written description requirement, *Ex parte Miyazaki*, No. 2007-3300, 2008 WL 5105055, 89 U.S.P.Q.2d 1207, 1212 (Bd. Pat. App. & Inter., Nov. 19, 2008), has helped mitigate the problem somewhat. Unfortunately, it is still acutely felt, especially in the context of software patents.

patents, it is difficult to imagine how a third-party user, developer, or consumer operating far downstream would be able to do so. Indeed, the claim language in the patent at issue here has been carefully parsed by patent examiners and patent attorneys, yet it still was not clear enough to avoid protracted litigation. *See, e.g.*, Order Regarding Claim Construction, *Akamai Techs., Inc. v. Limelight Networks, Inc.*, No. 1:06-cv-11109 (D. Mass. June 29, 2007). If patent professionals and those skilled in the art have a difficult time understanding what exactly these claims cover (which is no wonder from their language), it is a rare third-party user or consumer who will. And more and more frequently, it is those third-party users and consumers who face patent threats.

For instance, “six out of the top ten patent litigation campaigns exclusively named companies for whom the adoption of another’s technology was the basis for infringement.” Colleen V. Chien and Edward Reines, *Why Technology Customers are Being Sued En Masse for Patent Infringement & What Can Be Done*, Santa Clara University School of Law Working Paper No. 20-13 (August 2013)⁴ (“Chien & Reines”) at 2. And the research shows that the

burden for these suits falls disproportionately on small companies, and too often results in nuisance settlements based on the high cost of defending a patent case, not the merits of the claim.

Id. at 4.

4. Available at: <http://digitalcommons.law.scu.edu/cgi/viewcontent.cgi?article=1799&context=facpubs>

This leaves countless potential third-party defendants without the benefit of the important notice function of the patents being asserted against them. Third parties will be left with no option but to accept unforeseen (and often unacceptable) risks. This is not how an efficient market works. *See* Siddharth Khanijou, Patent Inequity?: Rethinking the Application of Strict Liability to Patent Law in the Nanotechnology Era, 12 J. Tech. L. & Pol’y 179, 195 (2007) (“[I]nadvertent users have no opportunity to transact or bargain for use of proprietary technology ahead of time because they have no knowledge of its possession. Patent enforcement, therefore, would serve as a means for patentees to extract ‘rents’ from individuals that never intended to use the patented technology.”).

II. To the Extent This Court Takes Up the Question of Joint Infringement, the Federal Circuit’s Current Rule is Necessary to Protect Third Parties

A. Respondents’ Approach Would Put Unsuspecting Third Parties At Risk of Litigation

Respondents ask this Court to rewrite patent law so that any actor who performs a step of a patent claim could be held “jointly and severally liable for direct infringement under § 271(a)” — even if the rest of the steps are performed by others. Respondents’ Cert. Opp. at 38. The ramifications of such a change are extraordinary and absurd: depending on how a claim is drafted, any downstream user of a technology—such as a Limelight customer who tags his content or a patient who initiates communication with her doctor—could find herself liable for infringement. Such a change would both harm those unsuspecting parties and

do nothing to further the fundamental goal of the patent system: spurring innovation. *See* Khanijou, *supra*, at 195 (“The goal of increasing inventive activity is not furthered by making an innocent possessor who derives no benefit from the technology, and may in fact suffer harm, liable for infringement.”).

Respondents attempt to avoid the obvious implications of their theory by suggesting that liability would apply only to knowing infringers. Respondents’ Cert. Opp. at 28-30. But patent infringement is a strict liability tort. 35 U.S.C. § 271 (a). *See also Florida Prepaid Postsecondary Educ. Expense Bd. v. Coll. Sav. Bank*, 527 U.S. 627, 645 (1999) (“Actions predicated on direct patent infringement . . . do not require any showing of intent to infringe; instead, knowledge and intent are considered only with respect to damages.”); 5 D. Chisum, *Patents* § 16.02[2], 16-31 (rev. ed. 1998) (“It is, of course, elementary, that an infringement may be entirely inadvertent and unintentional and without knowledge of the patent.”). And, patent law “is created and defined by statute.” *North Am. Phillips Corp. v. Am. Vending Sales, Inc.*, 35 F.3d 1576, 1579 (Fed. Cir. 1994). Unless Congress modifies the statute, Respondents’ manufactured limitation cannot hold.

To be clear, the possibility that unsuspecting third parties might face litigation is not at all far-fetched. Recent events underscore the risk that patent plaintiffs will indeed threaten—and in some instances, actually sue—downstream users of a technology, where those users often lack indemnification. For example, Lodsys, LLC, has sued more than 30 application developer defendants for infringement in the Eastern District of Texas. *See, e.g.*, Apple’s Redacted Opposition to Lodsys’s

Motion to Dismiss at 8, *Lodsys, LLC v. Brother Int'l Corp.*, No. 2:11-CV-90-JRG (E.D. Tex. Sept. 18, 2013), ECF No. 995-1 (listing numerous suits filed by Lodsys against app developers). Those defendants—each of which developed applications for Apple’s iPhone and Google’s Android operating systems—allegedly infringe patents for in-application purchases and upgrades. Notably, Apple and Google provided the technology to each of the defendants and mandated its use in developing applications for their products.⁵ Apple and Google have taken licenses from Lodsys,⁶ leaving them immune from suit, but Lodsys alleges that those licenses do not apply to the developers, and Apple and Google have chosen not to indemnify them.⁷ So the developers—using technology they are required to use by others and, in many cases, lacking the means

5. This further highlights the allocation of burden problem, *infra* Part II.B. Here, application developers are much less likely to conduct thorough searches surrounding technology provided to them by companies such as Apple and Google. The resulting lawsuits on unsuspecting developers operate essentially as a tax on innovation that has reportedly driven many developers from the U.S. market. *See, e.g.*, Charles Arthur, *App Developers Withdraw From US as Patent Fears Reach ‘Tipping Point’*, The Guardian Apps Blog (July 15, 2011), <http://www.guardian.co.uk/technology/appsblog/2011/jul/15/app-developers-withdraw-us-patents>.

6. *See, e.g.*, Lodsys, LLC (May 15, 2011), <http://www.lodsys.com/1/post/2011/05/q-lodsys-is-trying-to-force-apple-to-take-a-license-by-pressuring-ios-developers.html>; Lodsys, LLC (May 15, 2011), <http://www.lodsys.com/1/post/2011/05/q-what-about-other-operating-systems-such-as-android.html>.

7. *See, e.g.*, Lodsys, LLC (May 15, 2011), <http://www.lodsys.com/1/post/2011/05/q-i-developed-on-apple-ios-or-other-platform-why-isnt-apple-or-other-os-vendor-responsible-or-taking-care-of-this-issue.html>.

to defend themselves—find themselves facing expensive litigation they could not possibly have anticipated for using technology provided by third parties.

Or Innovatio, a company that, “using a portfolio of 31 patents directed at the 802.11 wireless communication standard (most of which are expired or lapsed) . . . has made demands of over 13,000 small and large end-users of wi-fi technology using devices sold by Cisco, Netgear, Apple, and others.” *Chien & Reines*, at 19. Recently, it was reported that Cisco reached a settlement with Innovatio, paying the non-practicing entity upward of \$3 million to leave Cisco’s customers alone.⁸

These *Lodsys* and *Innovatio* cases show that no party—whether a developer, consumer, or user—can be certain she will escape a patent suit if she performs a step in a patented invention.

B. The Least Cost Avoider Principle Favors the Single-Party Rule

It is axiomatic that the party in a position to best eliminate harm should bear the costs of that harm. *See, e.g., United States v. Carroll Towing Co.*, 159 F.2d 169, 173 (2d Cir. 1947) (“if the probability be called P; the injury, L; and the burden, B; liability depends upon whether B is less than L multiplied by P: *i.e.*, whether B less than PL”). Imposition of strict liability takes Judge Hand’s formula one step further by codifying the creation of incentives targeted at the least cost avoider to remove the threat of injury to society. As Judge Posner explained:

8. *See* <http://blogs.cisco.com/news/innovatio-case-victory-for-cisco-customers-makes-the-case-for-patent-reform/>

By making the actor strictly liable—by denying him in other words an excuse based on his inability to avoid accidents by being more careful—we give him an incentive, missing in a negligence regime, to experiment with methods of preventing accidents that involve not greater exertions of care, assumed to be futile, but instead relocating, changing, or reducing (perhaps to the vanishing point) the activity giving rise to the accident.

Ind. Harbor Belt R. Co. v. Am. Cyanamid Co., 916 F.2d 1174, 1177 (7th Cir. 1990).

Patent law has long reflected this same calculation, placing the burden of avoiding harm (*i.e.*, infringement) on the party in the best position to avoid it. On the one hand, if a potential user wants to use patented technology, he is responsible to seek and obtain the proper license, when he has knowledge that the technology is patented. *See, e.g., In re Seagate Tech., LLC*, 497 F.3d 1360, 1368-69 (Fed. Cir. 2007). On the other hand, it is a patent owner who bears the burden of monitoring and prosecuting infringement, because she is in the best position to do so. *See Wamlas v. Gen. Elec. Co.*, 148 F.3d 1334, 1339 (Fed. Cir. 1998):

Allocating the burden to patentees to seek out infringers is proper, furthermore, because compared to potential infringers, they are in the best position to know the scope of their patent protection and, therefore, also to know likely places to find infringement. This superior knowledge generally allows them to incur comparatively lower costs in

investigating potentially infringing activities than competitors would incur conducting patent searches on every aspect of their products and notifying the patentee of their results.

By the same token, it is the patent owner's burden to draft proper claims that define the scope of her rights. As the lower court stated in another case:

as between the patentee who had a clear opportunity to negotiate broader claims but did not do so, and the public at large, it is the patentee who must bear the cost of its failure to seek protection for this foreseeable alteration of its claimed structure.

Sage Prods., Inc. v. Devon Indus., Inc., 126 F.3d 1420, 1425 (Fed. Cir. 1997). *See also Akamai*, 692 F.3d at 1350 (Linn, J., dissenting) (“the claim drafter is the least cost avoider of the problem of unenforceable patents due to joint infringement, and this court is unwise to overrule decades of precedent in an attempt to enforce poorly-drafted patents.”).

This rule is rooted in principles of fairness and economics. Attention to fundamental fairness is particularly important in cases where a party's choice to broaden the scope of her patent (for instance, by growing liability to cover more than one actor) could, on Respondents' theory, leave unsuspecting third parties legally—and financially—liable for infringement. Imposing *ex post facto* liability on infringing parties—particularly third parties who unknowingly perform only one step of a claimed invention—opens them up to risks

they neither intended to take nor could have anticipated. Such imposition of liability would remove the burden from the party best-positioned to bear it (the patent owner) and impermissibly shifts it to a third party in the *worst* position to bear it.

Economic factors likewise counsel that a potential third-party defendant is particularly ill-suited to bear the cost of avoiding infringement. In theory, the patent system should work to put potentially infringing parties on notice of existing patents, leaving those parties to either design a work-around⁹ or take a license from the patent owner. In most cases, the system accomplishes this goal based on its strict liability regime by creating incentives for potential infringers to complete thorough patent searches before launching a product:

Since the total costs to the potential infringer are all of the costs borne by anyone, these are also the social cost associated with possible infringement. Thus, a rule of strict liability

9. The law favors designing around existing patents. *London v. Carson Pirie Scott & Co.*, 946 F.2d 1534, 1538 (Fed. Cir. 1991) (“designing or inventing around patents to make new inventions is encouraged”); *State Indus., Inc. v. A. O. Smith Corp.*, 751 F.2d 1226, 1235-36 (Fed. Cir. 1985) (“One of the benefits of a patent system is its so-called ‘negative incentive’ to ‘design around’ a competitor’s products, even when they are patented, thus bringing a steady flow of innovations to the marketplace.”). It does not make sense to punish parties for finding new and different ways to practice an invention—even when those new ways include different parties practicing the claimed steps. If a party has taken the time to research a successful design-around, such as those implemented by Limelight, it should bear the fruit of its work by practicing its product or service without liability.

leads to the socially optimal amount of search (S^*), *i.e.*, the social cost minimizing quantity of search. Strict liability for patent infringement is allocatively efficient in the sense that the socially efficient quantity of resources is allocated to searching patent records and analyzing them for possible infringement.

Roger D. Blair & Thomas F. Cotter, *Strict Liability and its Alternatives in Patent Law*, 17 Berkeley Tech. L.J. 799, 823 (2002).

This delicate balance of socially optimal search amounts is thrown off, however, when unknowing and unprepared downstream users become potential infringers. Those users lack incentives (and oftentimes requisite knowledge and resources) to search. Thus, imposing this burden on them does little to help avoid infringement. Instead, it simply encourages the proliferation of expensive litigation. For example, a potential plaintiff who would rather sue than exercise the bargained-for monopoly over its invention would likely benefit from imperfect searching, as it would lead to more potential infringements.

It makes no sense to depart from well-established least-cost avoider principles in patent law by extending liability to such potential defendants who unknowingly use a small part of a patented technology. Following Judge Posner's logic in *Indiana Harbor*, the only way those potential "joint infringers" could change their behavior to avoid liability would be to not engage in the behavior at all—in other words, not try new products or services, hampering the economy and inhibiting innovation.

CONCLUSION

When it ruled on this case, the Federal Circuit was correct in choosing to not expand the divided infringement doctrine beyond the statutory language that requires one party to perform all of a claim's steps to find infringement. Unfortunately, it didn't stop there. The Federal Circuit instead chose to impermissibly rewrite 35 U.S.C. 271(b). Respectfully, we urge this Court to reign in the Federal Circuit's attempts to legislate the patent laws.

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Respectfully submitted,

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