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**October 2012**

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There are many things that the U.S. Patent and Trademark Office (USPTO), or a district court judge in litigation, considers during the slippery process of claim construction.

Among the less-sharply defined criteria is whether an applicant or patentee disparaged or disavowed a particular approach to practicing the invention. [More](#)

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When drafting patent claims, patentees generally attempt to draft the broadest set of claims possible in order to benefit from the full scope of their inventive contribution. To pass muster at the U.S. Patent and Trademark Office (USPTO) these broad claims, given their broadest reasonable interpretation, must have sufficient support in the patent specification. [More](#)

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## **Of Disparagement, Disavowal, and Unreasonableness at the USPTO**

by Eric P. Raciti

There are many things that the U.S. Patent and Trademark Office (USPTO), or a district court judge in litigation, considers during the slippery process of claim construction. Among the less-sharply defined criteria is whether an applicant or patentee disparaged or disavowed a particular approach to practicing the invention. If the applicant, in the specification or during prosecution, expressly disavows a particular approach, then it's fair for the public to assume that the inventor did not intend to cover that approach in his or her claims. But rarely are express disavowals made, where the applicant unambiguously states, "I hereby don't want to cover this concept in my claims!"

Disparagement, however, is often difficult to assess, because it is always a question of degree. An unrestrained attack on a particular technical approach as utterly unworthy is a clear case where disparagement rises to the level of disavowal. However, a mere mention that an improvement would be desirable in an approach may not result in a disavowal. Understanding how far we can go down this road before claim scope is affected is important for drafters of patent specifications and claims.

A recent case decided on September 28, 2012, at the Court of Appeals for the Federal Circuit adds to the U.S. law of claim construction when disparagement and disavowal are at issue. In the case of *In re Abbott Diabetes Care, Inc.*, Nos. 2011-1516, -1157 (Fed. Cir. Sept. 28, 2012), the court was asked by Abbott to review an adverse decision at the USPTO's Board of Patent Appeals and Interferences (Board) in two *ex parte* reexamination proceedings. During the reexams, the Board rejected numerous claims of U.S. Patent Nos. 6,175,752 ("the '752 patent") and 6,565,509 ("the '509 patent").

The '752 patent and the '509 patent share a common specification that discloses methods and devices for *in vivo* monitoring of an analyte, specifically, blood glucose in diabetics, using an implanted electrochemical sensor. The specification stated that the disclosed sensor overcame limitations in the prior art related to the bulk and size of prior art sensors, as well as the prior art's reliance on external wires and cables connecting the various components that interfered with the daily life of the patient. Specifically, the specification noted that existing sensor guides "are typically bulky and do not allow for freedom of movement."

The proper construction of "an electrochemical sensor," as claimed in both the '752 and '509 patents, was a central issue of this case. The examiner held that the broadest reasonable interpretation of "electrochemical sensor" included wires and cables, even though the specification criticized the external cables and wires of the prior art, and none of the embodiments in Abbott's patents included external cables or wires connecting to the associated control unit.

The Board upheld the examiner during the USPTO appeal and held that, in the absence of a more express limiting statement, the broadest reasonable interpretation in light of the specification of the term "electrochemical sensor" includes wires and cables.

Having construed the term to include wires, the rejection of the claims using prior art sensors having

wires was, not surprisingly, upheld. The real question remained: was the claim construction reasonable?

Abbott filed requests for rehearing, arguing to no avail that the Board improperly relied on the specification's statement that "sensors include cables or wires." Abbott argued that the statement was made to criticize the prior art sensors and not to describe the claimed "electrochemical sensor." The Board brushed Abbott's argument aside, holding that the statement instead "provides insight as to how one of ordinary skill in the art would interpret the term 'sensor.'" The Board maintained its reasoning that because nothing in Abbott's patents explicitly disclaims sensors that include external cables or wires, the broadest reasonable interpretation of the claims should still include these features.

On appeal to the Federal Circuit, Abbott reiterated that the broadest reasonable interpretation of the claims should not include cables or wires. Abbott pointed out that none of its disclosed embodiments included wires or cables, and in fact many embodiments including "contact pads" for electrical connectivity wouldn't function for their intended purposes if wires were included. During the Federal Circuit appeal, the USPTO argued that Abbott's specification acknowledged, albeit in a disparaging manner, that the prior art included external cables or wires.

The interpretation of *Retractable Technologies, Inc. v. Becton, Dickinson & Co.*, 653 F.3d 1296, 1306 (Fed. Cir. 2011), played a significant role in this case. The USPTO argued that *Retractable Technologies* stands for the proposition that statements about "the difficulties and failures in the prior art, without more, do not act to disclaim claim scope." *Id.* The USPTO further argued that absent a specific disavowal, disparagement would not operate to limit the claims' broadest reasonable interpretation. The Federal Circuit disagreed. In *Retractable Technologies*, the patentee's supposed disclaimer of "cutting" in the background of the invention was undermined by an embodiment in the specification that indicated that some forms of cutting fell within the scope of the invention. Unlike the patents in *Retractable Technologies*, every embodiment disclosed in Abbott's specifications showed an electrochemical sensor without external cables or wires. The only mention of a sensor with external cables or wires in Abbott's patents is a single statement addressing the primary deficiency of the prior art. Further, the court emphasized that the specifications of Abbott's patents "repeatedly, consistently, and exclusively" described sensors without wires, while simultaneously disparaging sensors with external cables or wires. Overall, based upon the findings discussed above, the Federal Circuit found the USPTO's interpretation of "an electrochemical sensor" unreasonable.

In the wake of the *In re Abbott* decision, applicants facing stubborn rejections based on unreasonable claim constructions at the USPTO should be encouraged by this decision. Where the specification and claims are directed to something clearly different than what's shown in the prior art, applicants have sometimes struggled to overcome opportunistic rejections where their specifications do not contain the "magical language" of an explicit disavowal. Applicants can always argue that the claims as a whole, based on the specification (which is the single best guide to the meaning of the claims), are the basis for the broadest reasonable interpretation of the claims, but as this case's history demonstrates, positions can become entrenched. Looking forward to a new era when America Invents Act post-grant challenges become more commonplace, and the body of Federal Circuit case law is based on appeals from these procedures (which will apply the broadest reasonable interpretation standard), patent applicants and the USPTO alike will gain more frequent guidance from the Federal Circuit.

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## Potential Pitfalls of Broad Claim Language

by Rebecca L. Harker

When drafting patent claims, patentees generally attempt to draft the broadest set of claims possible in order to benefit from the full scope of their inventive contribution. To pass muster at the U.S. Patent and Trademark Office (USPTO), these broad claims, given their broadest reasonable interpretation, must have sufficient support in the patent specification. Under section 112, paragraph 1, “[a] patent specification shall contain a written description of the invention . . . in such full, clear, concise, and exact terms as to enable any person skilled in the art to which it pertains . . . to make and use the same.” 35 U.S.C. § 112, ¶ 1. Enablement law is designed to prevent inadequate disclosure of an invention, and the Federal Circuit has not hesitated to demonstrate that patentees utilizing broad claim language risk losing a claim that cannot be enabled across its full scope of coverage.

For example, in *MagSil Corp. v. Hitachi Global*, No. 2011-1221 (Fed. Cir. Aug. 14, 2012), the Federal Circuit found MagSil’s patent invalid for lack of enablement, stripping MagSil of any potential patent protection for its invention. MagSil’s patents are directed to read-write sensors for computer hard disk drive storage systems and the asserted claims relate to a tri-layer tunnel junction device. One of the keys to novelty in this case related to producing an adequate level of change in the tunneling resistance. At the district court, MagSil argued for and got a virtually limitless construction of the claim phrase “causing a change in the resistance by at least 10% at room temperature.” The district court found that the broad construction MagSil argued for resulted in the claim language being open-ended, basically covering any resistance change from 10% to infinity, even though the patent specification only disclosed how to achieve resistance changes of 10% to 11.8%. MagSil’s own experts and inventors could not explain why it took twelve years after the filing of the patent application to achieve resistive changes between 100% and 120%. In fact, MagSil’s experts admitted that further experimentation was needed to achieve these results.

Based on this testimony and MagSil’s broad claim construction, the Federal Circuit upheld the district court’s finding that the claim language was broader than the invention actually disclosed in the patent specification. The court found that the patent specification had no teachings on how to achieve any changes in resistance greater than 11.8% and, therefore, was not enabled because a person of skill in the art would not have been able to make and use the full scope of the invention. As this case demonstrates, the Federal Circuit held MagSil accountable to support the full range and scope of its claims that MagSil argued for at the district court. MagSil was ultimately unable to support the full range and scope of its claims, resulting in a finding of invalidity for lack of enablement.

The *MagSil* court relied on *In re Fisher*, 427 F.2d 833, 839 (CCPA 1970), to support its holding. In *In re Fisher*, the patent claimed ACTH potencies of “at least 1 International Unit of ACTH per milligram,” a similarly open-ended claim term to “at least 10%,” providing a lower threshold but not an upper limit. *Id.* at 834. In *In re Fisher*, the court found that an inventor should only be able to dominate the future patentable inventions of others where those inventions were based in some way on his teachings. Since the court concluded that the specification in *In re Fisher* did not enable ACTH potencies much greater than 2.3 International Units of ACTH per milligram, the court found that the open-ended claim language of

a potency of “at least 1” renders the claims insufficiently supported by the specification and invalid for lack of enablement.

MagSil attempted to compare its open-ended claim language of “at least 10%” to the “comprising” claim language in *Gillette Co. v. Energizer Holdings, Inc.*, 405 F.3d 1367, 1371 (Fed. Cir. 2005). The Federal Circuit found that the claim language in *Gillette* was different than MagSil’s claim language because, even though the patent claims used open-ended claim language by using the term “comprising,” the claims provided important limiting language to preserve their validity. In analyzing *Gillette*, the Federal Circuit found that enablement was not at issue in the case because the claims to a safety razor blade unit “comprising . . . a group of first, second, and third blades” were not open-ended because the terms “first, second, and third” did not specify the number of blades, but rather specific characteristics of blades in those categories as defined in the specification and prosecution history. Thus, the *MagSil* court found that the claims were limited despite the use of the term “comprising” due to this specific language in the claims. Conversely, the claims in *MagSil* did not include any limiting language in the claims, specification, or prosecution history.

As a result of their affirmance of the district court’s finding of invalidity due to lack of enablement, the Federal Circuit dismissed MagSil’s infringement suit in its entirety. There is an important lesson to be learned from this case. While patentees can draft broad claims in their patent applications, they must be aware that the Federal Circuit will hold them accountable to support the full range and scope of these broad claims. To aid in avoiding complete invalidation of a patent when drafting broad claims, patentees should also disclose several nested ranges of values in well-constructed dependent claims that provide specific examples from the embodiments disclosed in the patent specification. This type of claim drafting may allow at least the narrower, dependent claims to survive an invalidity attack, even if the broadest claims are found invalid.

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## **Rule Review**

### *AIA Paves Way for Implementation of Clinton-Era Patent Treaties*

*by Benjamin D. Bailey*

On September 22, 2012, the Senate passed legislation implementing a pair of treaties first signed by Bill Clinton in the 1990s and later ratified by the Senate on December 7, 2007. U.S. membership under the treaties was made possible, in part, by the systemic changes to the American patent law system brought about by the America Invents Act (AIA), which took steps to more closely conform U.S. patent law to international norms, most notably by eliminating the American First-to-Invent system, and accompanying changes to oath/declaration provisions.

The first treaty implemented by the legislation is the Patent Law Treaty (PLT), which first entered into force on April 28, 2005, elsewhere in the world. The United States will become the 33rd contracting party to the PLT. The PLT is intended to harmonize various formal requirements. For example, minimum time limits for filing translations or other missing parts are set at two months and for claiming priority at four months. As well, an earlier-filed application to which priority is claimed may support formal requirements for a filing date to be granted, if that earlier application is incorporated by reference. This latter point solves the problem where filing dates were not granted by the U.S. Patent and Trademark Office (USPTO) for omission of, or submission of, defective drawings, claims, or a specification.

With respect to U.S. law, S. 3486 removes the submission of claims as a filing date requirement. Under the new law, consistent with the PLT, the filing date of an application would be the date on which a description is received in the USPTO. However, applicants will still have to submit filing fees, an oath, and one or more claims within a time period to be determined by the Director of the USPTO. That notwithstanding, a reference made to an earlier-filed application will be deemed a sufficient description for the later application to be accorded a filing date, assuming a copy of the earlier application, including any drawings, is submitted within a prescribed time period.

The treaty also forbids member countries from rejecting an application or revoking or invalidating a patent for failure to comply with procedural requirements, absent a showing of fraud. Under U.S. law, this raises interesting harmonization questions regarding the doctrine of inequitable conduct, which in its current form requires both but-for materiality and specific intent to deceive the USPTO, but not fraud.

The full text of the PLT and its regulations can be found on the WIPO website at <http://www.wipo.int/treaties/en/ip/plt/>.

The second treaty implemented by the legislation is the Geneva Act of the Hague Agreement Concerning the International Registration of Industrial Designs, which entered into force elsewhere in December 2003. The United States will become the 61st contracting party to the Agreement. The Hague System affords design patent applicants some of the same privileges already afforded utility patent applicants under the Patent Cooperation Treaty. In particular, design patent applicants may pursue protection in multiple member countries by filing one English-language International Design Application in the USPTO either as an original filing, or within six months from an earlier-filed design application to which priority is

claimed. Applications filed under the Hague System abroad that designate the United States will be afforded provisional rights under U.S. law. Additionally, the legislation extends the term for design patents from fourteen years to fifteen years from their issue date.

The full texts of the Hague Agreement and the Geneva Act can be found on the WIPO website at <http://www.wipo.int/treaties/en/registration/hague/>.

Following the Senate's passage of the bill, S. 3486 has been referred to the House Committee on the Judiciary while the House of Representatives considers sister bill H.R. 6432. The United States will not be afforded membership under the treaties until legislation passes both houses of Congress in final form. In any event, it is highly unlikely that the House will consider H.R. 6432 before the elections this November. Stay tuned!

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## **EPO Practice**

### *A New Look at Third-Party Observations in the EPO: A Potentially Valuable Tool in the EPO as well as in the USPTO*

*by Martin D. Hyden and Elizabeth A. Doherty, Ph.D.*

Due to recent changes in European Patent Office (EPO) procedures, EPO third-party observations deserve a fresh look. Indeed, well-crafted EPO observations can be highly valuable weapons in the battle for freedom to operate. In some circumstances, they can also be readily coordinated with USPTO submissions to challenge patent claims in both jurisdictions.

Compared to oppositions, third-party observations have been rarely used, according to the informal evidence available. This might be due to concern that the observation filer is not a party to the proceedings and may have less influence than an opponent, or to concern that, if the examining division does not recognize the merits of an observation, making the same arguments later in an opposition may be more difficult. Oppositions, however, also have their own disadvantages. First, of course, the challenger must wait until a patent issues before acting. Second, oppositions can take years to resolve and can be relatively expensive to pursue, particularly if the matter is appealed. The result might be years of uncertainty, especially where the issued patent blocks freedom to operate in a critical area.

On the other hand, a persuasive observation may clear a freedom-to-operate hurdle before any patent even issues, and at a much lower cost. Moreover, as many companies now regularly track the prosecution of competitors' pending patent applications on-line using the European Patent Register or the USPTO's PAIR system, they may have already developed arguments that could serve as the basis for an observation.

Observations under Article 115 EPC may be submitted on a variety of patentability grounds, including novelty, inventive step, sufficiency under Article 83, patentability under Articles 52(2), 52(3), 53, and 57, unallowable claim amendments under Articles 76(1) and 123(2), and clarity under Article 84, which cannot be a ground for opposition. They may be submitted anonymously, with no filing fee, and in English, French, or German. They may be submitted at any time after publication of a pending application, including after a patent applicant has received a Rule 71(3) communication, indicating the EPO's intent to grant a patent. They may also be submitted in an ongoing opposition, as well as during appeal proceedings. The EPO particularly values observations that are "well-structured and concise," and notes that "[o]bservations containing particularly relevant objections can also considerably reduce the length of the [examination] procedure." See Notice from the European Patent Office concerning the filing of third-party observations under Article 115 EPC by means of an online form (issued May 10, 2011).

Perhaps recognizing the value of persuasive observations, the EPO now requires that the examining or opposition division "comment on the relevance of the observation in the next communication to the parties of the proceedings." *Id.* To make filing observations simpler, the EPO also created a dedicated Internet site for their submission. *Id.*

Thus, particularly where one has strong arguments against patentability that can be stated concisely,

observations should be considered seriously as a means to improve freedom to operate. In addition, in certain cases, an EPO observation can be coordinated with pre- and post-grant submissions in the USPTO to challenge patents or applications in both jurisdictions.

For example, as of September 16, 2012, the USPTO now has its own form of third-party observation called a preissuance submission. See 35 U.S.C. § 122(e); 37 C.F.R. § 1.290. Preissuance submissions are more limited than EPO observations in that they may only be submitted in pending applications prior to examination on the merits and are restricted to arguments related to printed publications. See 35 U.S.C. § 122(e); 37 C.F.R. § 1.290. But, like observations, they are relatively cheap to submit and can be filed anonymously. See 35 U.S.C. § 122(e); 37 C.F.R. § 1.290.

While USPTO preissuance submissions are a new procedure whose effects remain to be seen, and while U.S. attorneys also often prefer to save their best arguments for later litigation, preissuance submissions have some distinct advantages when one considers the alternatives. The USPTO's new post-grant procedures, for example, have initial filing fees in the tens of thousands of dollars, cannot be filed anonymously, and may substantially limit arguments that can be made in a later litigation against the patent holder. Thus, where arguments are strong and simple to explain, and are based around published materials, coordinating an EPO observation with a USPTO preissuance submission may be an inexpensive one-two punch against pending applications in both jurisdictions.

EPO observations might also influence USPTO proceedings in other ways as well. For example, patent applicants in the USPTO have a duty to submit information of which they are aware that is material to patentability. See 37 C.F.R. § 1.56. This may include information submitted in prosecution or opposition proceedings outside the United States. Filing an observation in a parallel EPO proceeding might provoke the patent applicant to submit, not only the observation to the U.S. examiner, but also the EPO's response to the observation, in the USPTO, in order to avoid a risk of the U.S. patent being found unenforceable.

Likewise, an EPO observation may also be used to ensure that the EPO examining or opposition decision considers unpatentability arguments raised in parallel proceedings in other jurisdictions, such as the USPTO. For example, arguments raised in a USPTO post-grant proceeding may similarly be reformatted and submitted as an EPO observation during a parallel EPO opposition, so long as the observation filer is not a party to the opposition.

Thus, EPO observations may be valuable tactical tools in the fight for freedom to operate in a variety of situations, and deserve a serious second look.

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### At the Federal Circuit

#### *Inducement and Claims Drafting*

by Elliot C. Cook

A party may be liable for inducing infringement of a method claim even if no single actor is liable for the underlying direct infringement. *Akamai Techs., Inc. v. Limelight Networks, Inc.*, Nos. 2009-1372, -1380, -1416, -1417 (Fed. Cir. Aug. 31, 2012) (en banc). In *Akamai*, which the Federal Circuit heard en banc together with *McKesson Technologies, Inc. v. Epic Systems Corp.*, No. 2010-1291, two different fact patterns were presented. In *Akamai*, the defendant performed only some steps of a method claim, but induced other parties to perform the remaining steps; in *McKesson*, the defendant did not perform any steps of a method claim, but induced other parties to collectively perform the steps. The majority decision from the Federal Circuit held that both fact patterns could render the defendants liable for inducing infringement.

In 2007, the Federal Circuit found in *BMC Resources, Inc. v. Paymentech, L.P.*, 498 F.3d 1373 (Fed. Cir. 2007), that induced infringement must be predicated on direct infringement by a single entity (i.e., the “single-entity rule”). This decision was reinforced by the court in 2008 by *Muniauction, Inc. v. Thomson Corp.*, 532 F.3d 1318 (Fed. Cir. 2008). In *Muniauction*, the Federal Circuit held that the actions of multiple actors combined to perform every step of a claimed method can result in direct infringement only if one actor exercises “control or direction” over the entire process, although the patentee in that case did not offer such evidence.

The asserted patent in *Akamai* claimed a method for efficiently delivering web content. The method called for placing content on replicated servers and modifying a content provider’s web page to instruct web browsers to retrieve the content from those servers. The defendant, Limelight, performed most of the claimed method by maintaining a network of servers that hosted content. Limelight did not perform the remainder of the claimed method. Instead, it explicitly instructed its customers to modify their web pages and perform the remainder of the claimed method. The asserted patent in *McKesson* claimed a method for electronic communication between healthcare providers and patients. The defendant, Epic, did not perform any steps of the claimed method. Epic did, however, provide software that enabled healthcare providers and patients to communicate electronically, in accordance with the claimed method.

In *Akamai* and *McKesson*, the respective district courts found no infringement. In *Akamai*, the jury was instructed under *BMC Resources* and, after a three week trial, found that Limelight infringed Akamai’s patent. The jury awarded Akamai over \$45 million in damages. Subsequently, the Federal Circuit’s opinion in *Muniauction* issued. The district court, on considering Limelight’s motion for judgment as a matter of law, analogized the facts of *Muniauction* to those of *Akamai* and reversed the jury’s finding of infringement. In *McKesson*, Epic’s motion for summary judgment of noninfringement was granted, because not all steps of the claimed method were performed by a single entity, a direct customer.

On appeal, the en banc court held that a party may be liable for inducing infringement of a method claim where the performance of the method is carried out by multiple entities. According to the en banc court, all of the steps of a claimed method must be performed for inducement liability to arise, but it is not

necessary that all steps be performed by a single entity. Specifically, the en banc court held that “[r]equiring proof that there *has been* direct infringement as a predicate for induced infringement is not the same as requiring proof that a single party would be *liable* as a direct infringer.” Thus, in arriving at this holding, the en banc court overruled the earlier panel decision in *BMC Resources* and its progeny of cases, which established the “single-entity rule.” Accordingly, the en banc court reversed the judgments in both cases and remanded them for further proceedings.

The en banc court’s opinion was based on the text of the statute, the legislative history pertaining to infringement law, and principles from criminal and tort law. The decision also relied on patent policy considerations. In particular, the Court noted the “bizarre result” of the single-entity rule where a party inducing infringement could avoid liability by simply performing some, but not all, of the claimed method steps itself. The en banc court observed that “[t]he party who actually participates in performing the infringing method is, if anything, more culpable than one who does not perform any steps.”

Two dissenting opinions were filed, one by Judge Newman and another by Judge Linn that was joined by Judges Dyk, Prost, and O’Malley. Judge Newman agreed with the majority that the panels’ decisions in both cases should be reversed. Nevertheless, Judge Newman dissented from the majority’s “inducement-only rule,” arguing that the court should “restore direct infringement to its status as occurring when all of the claimed steps are conducted, whether by a single entity or in interaction or collaboration.” The dissent authored by Judge Linn argued that the majority’s approach was contrary to the language of the statute and Supreme Court precedent that stands for the proposition that “if there is no direct infringement of a patent there can be no contributory infringement.” Judge Linn concluded that liability for induced infringement of a method claim may arise only where “a single entity or joint enterprise” performs “all steps of a claimed method,” either alone or vicariously. According to this dissent, “[t]he well established doctrine of vicarious liability is the proper test for establishing direct infringement liability in the multi-actor context.”

Thus, under *Akamai*, an inducing party may be found liable for infringement of a patented method even if multiple parties are required to perform the claimed method steps. Previously, under *BMC Resources*, patent prosecutors had to carefully craft method claims to capture infringement by a single actor. Now, with the ruling in *Akamai*, patent prosecutors have more flexibility in drafting claims designed to cover the actions of multiple parties. When drafting method claims for inventions that naturally involve the acts of multiple parties, careful thought should be given to which parties will be performing the method (e.g., customers, participants in a joint venture, or independent actors) and which party(ies), if any, will induce their actions. Where possible, it is still advisable to draft method claims that cover the actions of a single party. Such claims may be easier to find infringed, both from an evidentiary perspective and a doctrinal perspective. In addition, while *Akamai* clearly abolished the single-entity rule, it is possible that the Supreme Court may address the issue itself in coming years.

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