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*presents*

# **Divided Patent Infringement: Emerging Challenges**

**Strategies for Claim Drafting and Prosecution to  
Maximize Enforcement of Patent Rights**

**A Live 90-Minute Teleconference/Webinar with Interactive Q&A**

**Today's panel features:**

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**Thursday, April 1, 2010**

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# DIVIDED PATENT INFRINGEMENT: COURT TREATMENT

(Pre-*BMC* Case Law, *BMC*, & *Muniauction*)

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# INTRODUCTION



# What is “Divided Infringement”?

“Divided infringement is where a single act of patent direct infringement occurs through the combined action of two [or more] separate parties.” *RealSource, Inc. v. Best Buy Co.*, 514 F.Supp.2d 951, 957-58 (W.D. Tex. 2007).

**Claim 1:** Recites Steps A, B, C, D, & E.

**Defendant:** Performs Steps A-C.

**Third Party:** Performs Steps D & E.



# How can Defendant be Liable for Divided Infringement of Claim 1?

1. Joint Direct Infringement (§ 271(a)): Must establish that Defendant is *vicariously liable* for the Third Party's performance of Steps D & E.

*BMC at 1379; Muniauction at 1330.*



# How can Defendant be Liable for Divided Infringement of Claim 1?

## 2. Indirect Infringement (Inducement under § 271(b)): Must establish:

- a. Act of direct infringement;
- b. Defendant's actions induced infringing act; and
- c. Defendant knew or should have known his actions would induce actual infringement.

*Dynacore Holdings Corp. v. U.S. Phillips Corp.*, 363 F.3d 1263, 1272 (Fed. Cir. 2004); *DSU Med. Sys. Corp. v. JMS Co., Ltd.*, 471 F.3d 1293, 1306 (Fed. Cir. 2006).



# How can Defendant be Liable for Divided Infringement of Claim 1?

**NOTE:** Contributory infringement (§ 271(c)) assigns infringement liability for supplying “components” of patented products, or “material or apparatus for use in practicing a patented process,” not for actually practicing patented method steps. *See Pharmastem Therapeutics, Inc. v. Viacell, Inc.*, 491 F.3d 1342, 1357 (Fed. Cir. 2007). Thus, § 271(c) not available to patentee in the method claim hypothetical.



# Pre-*BMC* Case Law



# Patent Infringement = Tort

## Supreme Court cases

- *Schillinger v. United States*, 155 U.S. 163, 169-70 (1894) (Infringement action against U.S. government was “one sounding in tort,” and “the findings show[ed] a tort.”).
- *Dowagiac Mfg. Co. v. Minnesota Moline Plow Co.*, 235 U.S. 641, 648 (1915) (“As the exclusive right conferred by the patent was property, and the infringement was a tortious taking of a part of that property, the normal measure of damages was the value of what was taken.”).
- *Carbice Corp. of Am. v. Am. Patents Dev. Corp.*, 283 U.S. 27, 33 (1933) (Infringement, whether direct or contributory, is essentially a tort . . . .”).



# Patent Infringement = Tort

## Contexts of “Tort” Label by Courts of Appeal

- **Damages:** *Mars, Inc. v. Coin Acceptors, Inc.*, 527 F.3d 1359, 1365 (Fed. Cir. 2008) (“Patent infringement is a tort.”) (citing *Schillinger, supra*); *Rite-Hite Corp. v. Kelley Co.*, 56 F.3d 1538, 1560 (Fed. Cir. 1995) (Nies, J., dissenting-in-part) (supporting imposition of proximate causation standard to recovery of lost profits for “tort of patent infringement.”).
- **Bankruptcy:** *In re Magnavox Co.*, 627 F.2d 803, 806-07 (7th Cir. 1980) (infringement claim “is a tort as matter of law,” and thus not “provable in bankruptcy”).



# Patent Infringement = Tort

## Contexts of “Tort” Label by Courts of Appeal

- **Personal Jurisdiction:** *Beverly Hills Fan Co. v. Royal Sovereign Corp.*, 21 F.3d 1558, 1569 n.25 (Fed. Cir. 1994) (“[O]nly an affirmative act . . . can give rise to the tort of direct infringement.”); *c.f. N. Am. Phillips Corp. v. Am. Vending Sales, Inc.*, 35 F.3d 1576, 1579 (Fed. Cir. 1994) (“[W]hile it may be appropriate to speak loosely of patent infringement as a tort, more accurately the cause of action for patent infringement is created and defined by statute.”), *but see Hydril Co. LP v. Grant Prideco LP*, 474 F.3d 1344, 1355 (Fed. Cir. 2007) (Mayer, J., dissenting) (“Patent rights are statutory rights, and a claim for patent infringement sounds in tort . . . .”).



# Patent Infringement = Tort

## Contexts of “Tort” Label by Courts of Appeal

- **Claim Construction:** *Markman v. Westview Instruments, Inc.*, 52 F.3d 967, 985 (Fed. Cir. 1995) (*en banc*) (“Patent infringement has often been described as a tort.”).
- **Willfulness:** *Pall Corp. v. Micron Separations, Inc.*, 66 F.3d 1211, 1221-22 (Fed. Cir. 1995) (“[P]atent infringement is a continuing tort . . . .”).
- **Personal Liability:** *Orthokinetics, Inc. v. Safety Travel Chairs, Inc.*, 806 F.2d 1565, 1579 (Fed. Cir. 1986) (“Infringement is a tort,” such that corporate officers can be “personally liable for tortious conduct of the corporation . . . .”).



## Joint Infringers = Joint Tortfeasors

- *Aro Mfg. Co. v. Convertible Top Replacement Co.*, 377 U.S. 476, 500 (1964) (“It is true that a contributory infringer is a species of joint-tortfeasor, who is held liable because he has contributed with another to the causing of a single harm to the plaintiff.”).
- *Wylain, Inc. v. Kidde Consumer Durables Corp.*, 74 F.R.D. 434, 436-37 (D. Del. 1977) (interpreting complaint to charge two named defendants as “joint tortfeasors or joint infringers of plaintiff’s patent, copyright, and trademark rights, and where joint and several liability exists, the plaintiff has the privilege of selecting his defendant.”).



## Joint Infringers = Joint Tortfeasors

- *Shields, Inc. v. Halliburton Co.*, 493 F. Supp. 1376, 1389 (E.D. La. 1980) (“When infringement results from the participation and combined action of several parties, they are all joint infringers and jointly liable for patent infringement.”).
- *Auction Mgt. Solutions, Inc. v. Manheim Auctions, Inc.*, No. 1:05-CV-0639, 2006 WL 997777, at \*2 (N.D. Ga. Apr. 11, 2006) (“In response to this inequity in the patent system [*i.e.*, patentee lacking a remedy for divided infringement], several district courts have imposed liability for direct infringement under a joint infringement theory.”).
- “[T]he district courts look for something less than agency and more than a mere connection . . . .” *RealSource* at 931.



## “Some Connection”

- *Faroudja Labs., Inc. v. Dwin Elecs., Inc.*, No. 97-200010, 1999 WL 111788, at \*5 (N.D. Cal. Feb. 24, 1999) (“It is true that several district courts have found a party liable for direct infringement of a process patent even where the various steps included in the patent are performed by distinct entities. However, these cases indicate that some connection between the different entities justified that finding.”).
- *Marley Mouldings Ltd. v. Mikron Indus., Inc.*, No. 02-C-2855, 2003 WL 1989640, at \*3 (N.D. Ill. Apr. 30, 2003) (“[T]he party that is contracting out part of the process or method and then completing the process may be infringing the patented invention because that party, through its connection with the entity performing only part of the process, is in actuality performing the combination of each and every step of the claimed method.”).



***On Demand Mach. Corp. v. Ingram Indus., Inc.,*  
442 F.3d 1331, 1344-45 (Fed. Cir. 2006)**

**CAFC “discerns no flaw” in this jury instruction:**

“It is not necessary for the acts that constitute infringement to be performed by one person or entity. When infringement results from the participation and combined action(s) of more than one person or entity, they are all joint infringers and jointly liable for patent infringement. Infringement of a patented process or method cannot be avoided by having another perform one step of the process or method. Where the infringement is the result of the participation and combined action(s) of one or more persons or entities, they are joint infringers and are jointly liable for the infringement.”

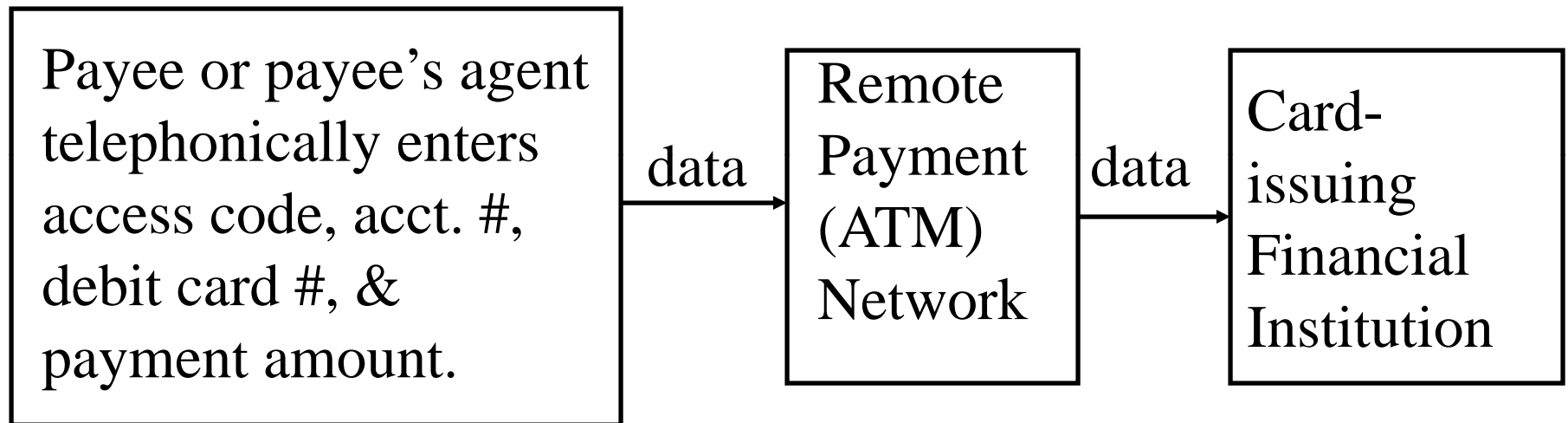


***BMC Resources, Inc. v.  
Paymentech, L.P., 498 F.3d 1373  
(Fed. Cir. 2007)***



## Facts in *BMC Resources*

BMC's patents claim a method for telephonically processing debit transactions without a PIN.



Paymentech marketed similar system, though parties agreed that Paymentech did not itself perform every step of BMC's claimed method.



## Holdings in *BMC Resources*

- BMC threatens; Paymentech files a DJ action; BMC counterclaims for both direct and indirect infringement; both parties move for SJ on the infringement issue.
- **District Court:** Grants Paymentech's motion as to both direct and indirect infringement, on ground that Paymentech did not direct or control the behavior of the financial institutions who performed the claimed method steps that Paymentech did not perform.
- **CAFC:** Affirmed.



## Analysis in *BMC Resources*

- “Direct infringement requires *a party* to perform or use each and every step or element of a claimed method or product.”
- “Indirect infringement requires, as a predicate, a finding that some party amongst the accused actors has committed the entire act of infringement.”
- “[T]he law imposes *vicarious liability* on a party for the acts of another in circumstances showing that the liable party *controlled* the conduct of the acting party.”



## Analysis in *BMC Resources* (cont'd)

- “The concerns over a party avoiding infringement by arms-length cooperation can usually be offset by proper claim drafting. A patentee can usually structure a claim to capture infringement by a *single* party.”
- “In this case, for example, BMC could have drafted its claims to focus on one entity. The steps of the claim might have featured references to a single party’s supplying or receiving each element of the claimed process. However, BMC chose instead to have four different parties perform different acts within one claim.”
- Court will not redraft “these ill-conceived claims.”



## Analysis in *BMC Resources* (cont'd)

- “Applying these standards to BMC’s charges against Paymentech properly results in a finding of no infringement.”
- Paymentech’s having provided customer data (debit card #, etc.) to the debit networks, without directions as to use of the data, was insufficient to establish Paymentech’s control over debit networks.
- Evidence of Paymentech’s control over financial institutions “was even scarcer.” There was no evidence of any contractual relationship between Paymentech and those institutions.



# But What About *On Demand*?

- District court deemed the jury instruction remarks in *On Demand* to have been dicta.
- The *On Demand* panel’s statement that it “discern[ed] no flaw” in the jury instruction was made “without any analysis of the issues presented relating to divided infringement.”
- “*On Demand* did not change this court’s precedent with regard to joint infringement.”



***Muniauction, Inc. v. Thomson Corp.,  
532 F.3d 1318 (Fed. Cir. 2008),  
cert. denied, 129 S.Ct. 1585 (2009)***



## The '099 Patent in *Muniauction*

- Claims directed to methods for conducting municipal bond auctions over an electronic network.
- Asserted claim recited, *inter alia*:
  - Bond issuer's computer and a bidder's computer coupled to at least one electronic network;
  - Inputting bid data into bidder's computer;
  - Computing interest cost value based in part on inputted data;
  - Submitting bid by transmitting inputted data over network;
  - Communicating message associated with bid to issuer's computer.



## Thomson

“[T]he parties do not dispute that no single party performs every step of the asserted claims. For example, at least the inputting step of claim 1 is completed by the bidder, whereas at least a majority of the remaining steps are performed by the auctioneer's system (e.g., Thomson's BidComp/Parity® system).”



## Thomson; CAFC's Holding

- Thomson (accused infringer) ran a central server that enabled many of the same auction services claimed in plaintiff's patent.
- “Thomson neither performed every step of the claimed methods nor had another party perform steps on its behalf.”
- Issue turned on whether Thomson sufficiently controlled or directed other parties such that “Thomson itself can be said to have performed every step of the asserted claims.”
- **RESULT:** CAFC reverses judgment of infringement.



## Analysis in *Muniauction*

- “[D]irect infringement requires *a single party* to perform every step of a claimed method.”
- “Accordingly, where the actions of multiple parties combine to perform every step of a claimed method, the claim is directly infringed *only if* one party exercises “control or direction” over the entire process such that every step is attributable to the controlling party, i.e., the “*mastermind*.”
- “That Thomson controls access to its system and instructs bidders on its use is not sufficient to incur liability for direct infringement.”



**END**



# Divided Infringement

## ***Post-BMC & Muniauction***

**Richard S.J. Hung**  
**April 1, 2010**

## ***BMC & Muniauction Treatment: Overview***

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- Applied in ~35 district court cases
  - Vast majority of cases in computer software space
  - 13 pro-defendant, 11 pro-patentee on method claims
  - 4 pro-defendant, 4 pro-patentee on system claims
  - 3 other
- Currently 7 cases on appeal
  - *Golden Hour Data Sys., Inc. v. emsCharts Inc.*,
  - *Akamai Techs., Inc. v. Limelight Networks, Inc.*
  - *McKesson Info. Solutions LLC v. Epic Sys. Corp.*
  - *Uniloc USA, Inc. v. Microsoft Corp.*
  - *Centillion Data Sys., LLC v. Qwest Comms. Int'l Inc.*
  - *Desenberg v. Google, Inc.*
  - *Phoenix Solutions, Inc. v. DirecTV Group, Inc.*
- 1 appeal resolved
  - *Global Patent Holdings LLC v. Panthers BRHC LLC*

## No Divided Infringement: Method Claims

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- *Gammino v. Cellco Partnership*, 527 F. Supp. 2d 395 (E.D. Pa. 2007)
  - Patents on preventing telephones from making int'l calls
  - Davel, a telephone operator, does not perform step of “evaluating call sequence to determine if it is one of the blocked sequences”
  - Instead, purchases int'l call blocking feature from local providers
  - On MSJ, no joint infringement where “unrebutted evidence that Davel does not know how the call-blocking features it purchases work” (399)
- *Global Patent Holdings, LLC v. Panthers BRHC LLC*, 586 F.Supp.2d 1331 (S.D. Fla. 2008)
  - Patent on downloading data from remote server
  - MTD granted, as “patented method does not begin until a computer user visits [Boca Rotan’s] website”
  - “If no person ever visited . . . website, then [no infringement]”
  - “Remote users are [not] contractually bound to visit the website”
  - “Using Plaintiff’s analogy, Defendant may give home users the keys to the truck, but home users have no obligation to use those keys to start the truck and drive away” (1335)

## No Divided Infringement: Method Claims

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- *Etmel, Inc. v. Lipidlabs, Inc.*, 583 F. Supp. 2d 811 (S.D. Tex. 2008)
  - Patents on “telemedicine” videoconferencing
  - Several entities required – videoconferencing provider, physician & remote medical care facility
  - Contracts with physicians required adherence to professional standards, insurance, scheduling compliance, billing services
  - Not demonstrate “direction or control,” as “basic parameters . . . do not affect, much less control, how they exercise their judgment in performing medical work [as claimed]” (838)
  - Patent placed into reissue 24 days later & case stayed
- *Keithley v. HomeStore.com*, 636 F. Supp. 2d 978 (N.D. Cal. 2008)
  - Patent on method of acquiring and displaying real estate information
  - Method requires “access data files by said first end users”
  - MSJ of NI granted, as “Move allows users access to its websites, but does not cause those users to access any particular information.” (985)
  - Terms & Conditions are “analogous to the contracts in *Muniauction* which the Federal Circuit found insufficient.” (985)

## No Divided Infringement: Method Claims

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- *Friday Group v. Ticketmaster Corp.*, No. 08-1203, 2008 WL 5233078 (E.D. Mo. Dec. 12, 2008)
  - Patented method of distributing copies of live event to pre-order purchasers
  - Rule 12(b)(6) motion granted, as complaint “does not allege that any single defendant performed all of the steps of the method or that any defendant was the ‘mastermind’ behind the operation” (\*3)
- *Akamai Techs., Inc. v. Limelight Networks, Inc.*, 614 F. Supp.2d 90 (D. Mass. 2009)
  - Patent on content delivery service requiring modification to web page or Internet address routing information
  - JMOL of NI granted
  - “Limelight’s customers, following Limelight’s instructions, do modify the embedded objects of their web pages . . . to take advantage of Limelight’s service.” (122)
  - “[T]his step is performed by Limelight’s customers not because they are contractually obligated to do so, [but] because they wish to avail themselves of Limelight’s service. Under *Muniauction*, this is insufficient . . . .” (122)

## No Divided Infringement: Method Claims

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- *Medtronic, Inc. v. AGA Med. Corp.*, No. 07-567, 2009 WL 1163934 (N.D. Cal. Apr. 28, 2009)
  - Patent on method of medically treating a mammal
  - MSJ of NI granted, based on AGA's argument that physicians practicing claims not under its "control or direction"
  - Instruction and training on use of products insufficient to demonstrate "control or direction" (\*1)
- *Girafa.com, Inc. v. IAC Search & Media, Inc.*, No. 07-787, 2009 WL 3074712 (D. Del. Sept. 25, 2009)
  - Amending prior claim construction opinion to define "providing to a user a visual image of a web page" as "displaying to a user a thumbnail visual image"
  - Also noting that "infringement by [products that do not cause a preview image to be displayed automatically] requires multiple parties' participation." (\*3)
  - "The law of divided infringement, in these instances, does prohibit infringement by defendants." (\*3)

## No Divided Infringement: Method Claims

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- *McKesson Info. Solutions LLC v. Epic Sys. Corp.*, No. 06-2965 2009 WL 2915778 (N.D. Ga. Sept. 8, 2009)
  - Patent on method of automatically & electronically communicating between healthcare provider & users
  - MSJ of NI granted, as:
    - Agreed that “initiating a communication” step performed by patient/other user, not healthcare provider
    - “MyChart users choose whether . . . to initiate a communication with the provider, and the user is not under any obligation to initiate a communication.” (\*6)
- *Desenberg v. Google, Inc.*, No. 08-10121, 2009 WL 2337122 (S.D.N.Y. July 30, 2009)
  - Patent on “method for a user using a communication network to search for and identify at least one matching provider of project work” to “facilitate interactions between consumers and service providers in real time.”
  - 12(b)(6) motion granted because “Desenberg’s patent . . . clearly requires the participation of multiple parties.” (\*6)
  - Google argues that its interactions with users and AdWords advertisers constitute arms-length transactions, and that Desenberg has not alleged that Google acts as a ‘mastermind’ . . . . The Court agrees. Desenberg has not alleged that those who participate in Google AdWords do so at the behest of Google . . . .” (\*8)

## No Divided Infringement: Method Claims

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- *Advanced Software Design Corp. v. Fiserv, Inc.*, 650 F. Supp. 2d 924 (E.D. Mo. 2009)
  - Patent on a process for validating a negotiable instrument made by a payor
  - MSJ of NI granted
  - “The invention described by the ‘110 patent does two things. It encrypts checks using a cryptographic algorithm to generate a control code, and it uses that control code to validate the check.” (932)
  - “At most, Fiserv sells software that enables customer to encrypt and print checks. [T]his fact alone is not sufficient to establish that Fiserv is a direct infringer. . . .” (932)
- *PA Advisors, LLC v. Google, Inc.*, No. 07-480, 2010 WL 986618 (E.D. Tex. March 11, 2010)
  - Patent on data processing method for enabling local computer system user to locate desired data from remote data storage system
  - Claim requires “providing, by the user to local computer system, search request data . . .”
  - MSJ of NI granted
  - “While Google and Yahoo benefit and invite users to visit their websites and run searches, they in no way ‘control or direct’ them once they are there. (\*8)
  - “[E]ven where search suggestions or spelling changes are provided by the system, the user is still first required to initiate a search query. Moreover, the user continues to choose the course of the search without the ‘control or direction’ of the accused search engines.” (\*8)

## No Divided Infringement: Method Claims

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- *In the Matter of Certain Dual Access Locks & Products Containing Same*, Reg. No. 337-TA-689 (ITC Mar. 18, 2010)
  - Patents on “methods of improving airline luggage inspection by a luggage screening entity . . . .”
  - MSJ of NI granted
  - “[C]omplainants allege joint infringement by the respondents, non-respondent Travel Sentry, and the non-respondent TSA.” (Slip op. at 9)
  - “[T]he only possible ‘mastermind’ alleged by complainants is non-respondent Travel Sentry.” (10)
  - “[W]hile Complainants . . . rely on the MOU [between TSA and Travel Sentry] to show a relationship . . . , [a]bsent from the MOU is any language for tracking compliance, or any language requiring the return of the passkeys on termination of the agreement.” (11-12)
  - “[T]hat non-respondent Travel Sentry is responsible for providing training to . . . TSA does not vitiate for a finding of control or direction.” (13)

## Divided Infringement Possible: Method Claims

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- *TGIP, Inc. v. AT&T Corp.*, 527 F. Supp. 2d 561 (E.D. Tex. 2007)
  - Patents on pre-paid calling cards
  - AT&T argued that div. infringement because West Interactive & A.P.T. provided activation platform and Wal-Mart provided data terminals
  - JMOL denied, as evidence that:
    - West implemented system described by AT&T
    - AT&T provided specifications to retailers for sending activation message that defined message format (578)
- *Privasys, Inc. v. Visa Int'l*, No. 07-3257, 2007 WL 3461761 (N.D. Cal. Nov. 14, 2007)
  - Patent on providing a secure transaction between two entities
  - Visa opposed motion to amend complaint to Chase & Wells Fargo as futile in view of divided infringement problem
  - Motion granted, as Privasys alleged that Visa “provides instructions or directions regarding the use of” its product to merchants & banks and had a “contractual relationship” with the “financial institutions” (\*2)

## Divided Infringement Possible: Method Claims

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- *Zinus, Inc. v. Simmons Bedding Co.*, No. 07-3012, 2008 WL 682858 (N.D. Cal. Mar. 11, 2008)
  - Patents on method of packing resiliently compressible articles
  - Claims require “removing . . . evacuated tube from . . . container sleeve” & “allowing . . . mattress . . . to gradually return to an uncompressed state”
  - MSJ denied because evidence that Zinus provided “directions for unpacking the mattress, including the steps of 1) cutting open the vacuum sealed bag . . . and 2) ‘allow[ing] the mattress to fully expand . . .’ (\*3)
  - “[A] juror could find that, but for Zinus packaging and selling its [bed] . . . with the packing directions, Wal-Mart’s customers would not have opened the packages . . .” (\*3)
- *Fisher-Barton Blades, Inc. v. Blount, Inc.*, 584 F. Supp. 2d 1126 (W.D. Wis. 2008)
  - Patent on forming rotary cutting blade including heat-treating step
  - Superior, separate legal entity, performed heat treating step
  - MSJ denied, as testimony that defendant “directs that blades meet a certain hardness” (1143)

## Divided Infringement Possible: Method Claims

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- *kSolo, Inc. v. Catona*, No. 07-5713, 2008 WL 4906115 (C.D. Cal. Nov. 10, 2008)
  - Patent on method for delivering greeting card with mixed vocal track
  - kSolo argued that method “requires action by two parties: a user to select the song . . . and a server computer to mix the audio tracks”
  - MJOP denied, as “question of control or direction is . . . fact-intensive” (\*4)
  - MSJ denied, as claim construction hearing necessary to determine if users perform all elements of claim (\*5)
- *Ormco Corp. v. Align Tech., Inc.*, 609 F. Supp. 2d 1057 (C.D. Cal. 2009)
  - Patent on “method of processing digital data for use in facilitating . . . Orthodontic treatment”
  - Align alleged that it does not directly scan patient’s teeth
  - MSJ denied, as factual issues regarding “whether Align collaborates with third parties who themselves directly scan patient’s teeth, particularly in the research and development process” (1065)

## Divided Infringement Possible: Method Claims

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- *Am. Patent Dev. Corp., LLC v. Movielink, LLC*, 637 F. Supp. 2d 224 (D. Del. 2009)
  - Patent on method for providing a video product from a central station
  - Requires “storing,” decoding, & blocking access to video product at user site
  - MSJ of NI denied, as court could not conclude that undisputed that “Movielink Manager software running on customer’s computers is simply one component in a distributed – but centrally controlled – Movielink system” (237)
  - Documentation described Movielink Manager as having “tighter integration” and as part of integrated Movielink system
  - Movielink had continuing capacity to revoke customers’ licenses (236-37)
- *Yangaroo Inc. v. Destiny Media Techs., Inc.*, No. 09-462, 2009 WL 2836643 (E.D. Wis. Aug. 31, 2009)
  - Patented method of distributing content over distributed computer network
  - Destiny alleged that “receiving & storing” step required action by third party content provider
  - 12(b)(6) motion denied, as “resolution of [motion] necessarily entails a construction of the claim, which is inappropriate given the infancy of these proceedings” (\*3)

## Divided Infringement Possible: Method Claims

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- *Netscape Comms. Corp. v. Valueclick, Inc.* No. 09-225, 2010 WL 374396 (E.D. Va. Jan. 29, 2010)
  - Patent on method of transferring state information between http server and client
  - “Defendants contend that they . . . are not joint infringers because defendants lack the requisite control over end-user computer users.” (\*22)
  - MSJ of NI denied, as “competing testimony relating to whether defendants directly control or cause end-user’s Web browsers to perform the claimed method.” (\*22)
- *Actus, LLC v. Bank of America Corp.*, No. 09-102, 2010 WL 547183 (E.D. Tex. Feb. 10, 2010)
  - Patent on method for conducting electronic commerce
  - 12(b)(6) motion denied
  - “The pending motion asks the Court to simultaneously adopt a construction that the claims can only performed by multiple actors – before the completion of claim construction discovery and without the benefit of thorough claim construction briefing – and then impose an excessively conservative pleading requirement on those claims.” (\*2)

## Divided Infringement Possible: Method Claims

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- *R&L Carriers, Inc. v. Affiliated Computer Servs., Inc.*, No. 09-2050, 2010 WL 749891 (S.D. Ohio Feb. 23, 2010)
  - Patent on method of transferring shipping documentation data from a transporting vehicle to a remote processing center
  - “[T]he Court agrees that the issue of whether the method of the patent requires one or more users is not properly determined in a Rule 12 context, but is a question of claim construction. . . . [Accordingly,] Defendants’ arguments . . . are premature.” (\*4)

## No Divided Infringement: System Claims

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- *epicRealm Licensing LP v. Franklin Covey et al.*, 644 F. Supp. 2d 806 (E.D. Tex. 2008)
  - Method & system patents allegedly on web server interaction to generate dynamic web pages
  - MSJ on divided infringement granted, as Herbalife does not control QuinStreet platform
  - “The fact that QuinStreet collected monthly fees, or integrated its Platform with Herbalife systems and provided a link between the two, or that QuinStreet and Herbalife worked together to maximize distributor retention is irrelevant to the proper analysis of control.” (821)
- *Golden Hour Data Sys., Inc. v. emsCharts Inc.*, No. 06-381, 2009 WL 943273 (E.D. Tex. Apr. 3, 2009)
  - Patent on system relating to computerized integrated data management system for tracking patient incident & method for generating a patient encounter record
  - Claims refer to “dispatch” and “billing”
  - JMOL of NI granted, as “emsCharts & Softech are two separate companies”:
    - “Softech & emsCharts had a non-exclusive distributor agreement that lasted about a year.”
    - Insufficient that “two companies discussed and agreed to submit a bid”
    - Also insufficient that “Softech at one time had a claim against emsCharts” (\*4)

## No Divided Infringement: System Claims

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- *Centillion Data Sys., LLC v. Qwest Comms. Int'l Inc.*, No. 04-73 (S.D. Ind. Oct. 29, 2009)
  - Patent on system for presenting information concerning actual cost of service provided to a user by a service provider
  - MSJ of NI granted.
  - Court disagreed that “the use of some, but not all, of the elements of a system claim is sufficient to find direct infringement if the use is ‘beneficial.’” (23)
  - “Qwest relies on its customers to satisfy [the] limitation [relating to “additional processing”]. (Slip op. at 32-33)
  - “[T]he eBill client application . . . does not actually the customer’s computer until the customer executes the application.” (33)
  - “Qwest’s customers independently determine whether . . . to perform the additional processing on individual transactions records by Qwest.” (35-36)
- *Phoenix Solutions, Inc. v. DirecTV Group, Inc.*, No. 08-984, 2009 U.S. Dist. LEXIS 114977 (C.D. Cal. Nov. 23, 2009)
  - Multiple patents relating to “speech query recognition system”
  - SJ of NI granted, as West responsible for “choosing, configuring, and operating architecture, hardware & speed recognition software . . . in Accused Technology.” (\*10)
  - Court rejected argument that “DirecTV has ‘broad use of the system’ & ‘has placed the system into service,’ . . . even though ‘a third party performs some of the limitations.’” (\*33)
  - “West and/or its vendors, not DirecTV, controls the allegedly infringing elements. . . . West decides whether to include the allegedly infringing elements in the IVR system. . . . DirecTV cannot be held responsible as a direct infringer for the design decisions that West makes.” (\*34-35)

## Divided Infringement Possible: System Claims

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- *Rowe Int'l Corp. v. Ecast, Inc.*, 586 F. Supp. 2d 924 (N.D. Ill. 2007)
  - Patents on “improved computer jukebox” and “jukebox network”
  - 3 jukebox component defendants – Ecast, Rock-Ola & View
    - Ecast provided disk drives for jukebox hardware
  - MSJ for no div. infringement denied, as evidence of:
    - Ecast literature described “architecture of major components”
    - Ecast proposal suggested that Rock-Ola & View supplied jukeboxes under manufacturing & distribution contracts with Ecast (931)
    - Ecast viewed Rock-Ola & View as “partners” & provided “reference designs”
- *Level 3 Comms., LLC v. Limelight Networks, Inc.*, 630 F. Supp. 2d 654 (E.D. Va. 2008)
  - Patents on systems and methods involving repeater server network
  - Limelight sought MSJ of NI because it did not control or direct “origin servers”
  - But “origin servers . . . do not qualify as elements of the claimed methods,” (659)
  - Also, “origin servers” can mean “server on which the subscriber publishes the resources” (660)

## Divided Infringement Possible: System Claims

---

- *Ronald A. Katz Tech. Licensing, L.P., v. DirecTV Group*, No. 07-1816, U.S. Dist. LEXIS 72134 (C.D. Cal. May 1, 2009)
  - Patent generally relating to analysis control system
  - MSJ of NI granted, as “neither party attempts to link what DirecTV does or does not control/direct with the specific technology accused of infringement”
- *Uniloc USA, Inc. v. Microsoft Corp.*, 640 F. Supp. 2d 150 (D.R.I. 2009)
  - Patent on a “remote registration system”
  - “Microsoft claims that the entire accused system that allegedly infringes Claim 19 does not exist until the local side user installs and runs the PA software on his computer.” (162)
  - JMOL of NI denied in relevant part.
  - “Claim 19 sets forth a handful of means the system must contain, and there is no ‘participation’ or control’ limitation relative to the end-user. . . . Accepting Microsoft’s argument . . . would be akin to importing a method step into this software system – something the language of Claim 19 does not support.” (162)

## Other Litigation Uses of *BMC & Muniauction*

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- *Lucent Techs., Inc. v. Gateway, Inc.*, No. 02-2060, 2008 WL 4934061 (S.D. Cal. 2008)
  - Patent on operating host processor to communicate with terminal device
  - Dell moved to sever claims to simplify fee recovery on claims with div. infringement issue, but denied for res judicata and judicial economy reasons
- *Aristocrat Techs. v. Int'l Game Tech., Inc.*, No. 06-3717, 2009 WL 1331095 (N.D. Cal. May 13, 2009)
  - Granting motion to compel because “[c]orrespondence discussing the structure of the accused technology and how it functions and operates is indeed potentially relevant to the issue of whether IGT directs or controls the players using the machines” (\*2)
- *Card Activation Techs. v. Pier 1 Imports, Inc.*, No. 09-2021, 2009 WL 2956926 (N.D. Ill. Sept. 14, 2009)
  - Customer suit on patent relating to method for processing debit purchase transactions
  - Stay motion granted, in part based on fact that plaintiff “presumably would be forced to rely on some theory of joint infringement” against gift card provider and customer

## Gleanings from District Court Treatment

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- Subject matter
  - Almost exclusively in software realm
- Claim language
- Timing
  - 12(b)(6) motion?
  - Summary judgment motion?
  - Claim construction necessary?
- Factual support
  - Contracts
  - Required specifications
  - Instructions/guidance
  - “Free will”
- Venue

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*Divided Infringement*

Stephen Schreiner  
Partner

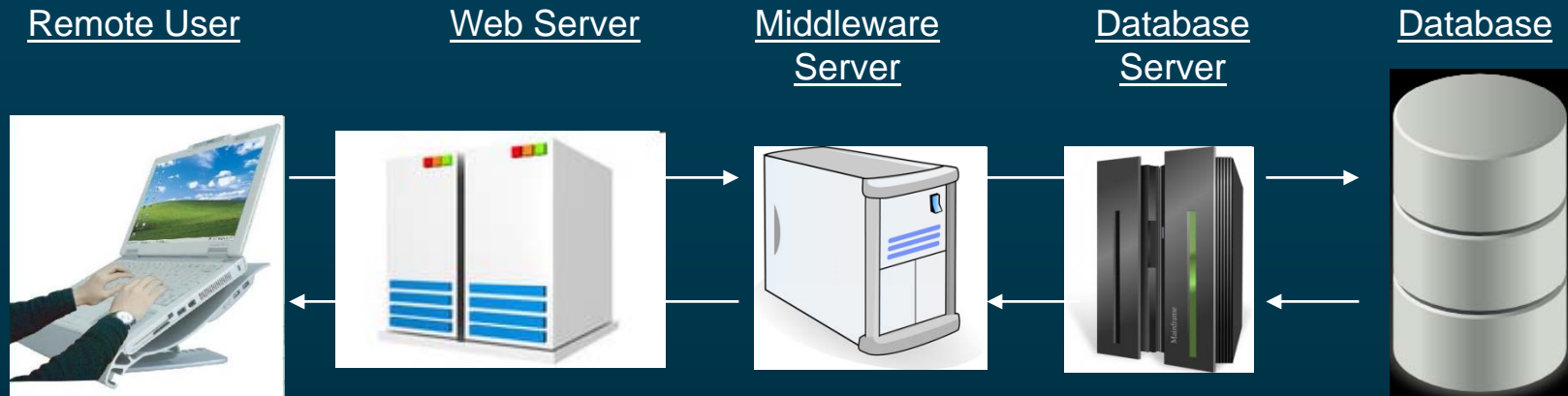
# Claim Drafting Strategies : Unitary Claim Drafting

“The concerns over a party avoiding infringement by arms-length cooperation can usually be offset by proper claim drafting. **A patentee can usually structure a claim to capture infringement by a single party.**” *BMC*, 498 F.3d at 1381

- **Unitary claim drafting** – Drafting a method claim in a fashion so that a single actor performs all claimed steps.
- Example: Changing the claim verbiage from:
  - client transmitting → host receiving.
  - peripheral user inputting response → entity receiving response.
- Unitary claim drafting might have saved some of the patent holders in the aforementioned cases!

# Claim Drafting Strategies : Unitary Claim Drafting

Consider a typical scenario for a user initiated web-based data search. . .



**Remember:** *A method claim is only infringed when a single party can be charged with performing each step of the asserted claim.*

The scenario above could contain up to **5 separate actors**.

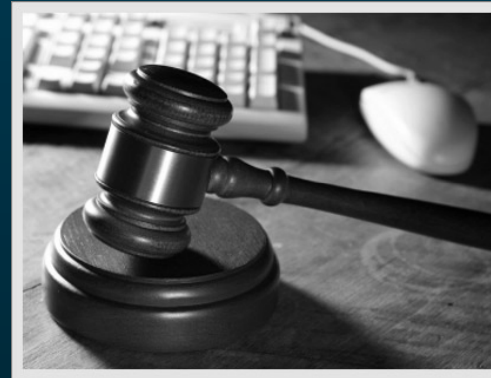
The goal of **unitary claim drafting** is to draft claims from the perspective of each separate potential actor, e.g. the end user, the server and the database.

# Claim Drafting Strategies : Unitary Claim Drafting

*In Muniauction:*

**Multi-actor step:** *inputting data associated with at least one bid for at least one fixed income financial instrument into said bidder's computer via said input device.*

**Issue:** Bidders were inputting auction bid info outside the direction and control of alleged infringer.



**Better Claim:** ~~inputting~~ receiving data associated with at least one bid for at least one fixed income financial instrument ~~into~~ from said bidder's computer via said input device;

# Claim Drafting Strategies : Unitary Claim Drafting

In *Emtel*:

Multi-actor step(s):



- **diagnosing** a medical condition of said first patient at said first of said plurality of satellite medical care facilities **by said physician** from said central medical video-conferencing station;
- **providing** instructions via said video-conferencing system to said first medical caregiver **by said physician** to treat said first patient at said first of said plurality of satellite medical facilities;

**Issue:** These claimed steps were necessarily taken by third party physician while others were performed by video system provider.

**Better Claim:** receiving providing instructions on a diagnosis by said physician via said video-conferencing system and providing said instructions to said first medical caregiver ~~by said physician~~ to treat said first patient at said first of said plurality of satellite medical facilities;

GOODWIN

PROCTER

# Claim Drafting Strategies : Unitary Claim Drafting

## In *Keithley*:

### Multi-actor step:

A method of acquiring and displaying real estate information . . .



• *accessing data files by said first end users, said accessing data files by said first end users being a plurality of inquiries from individual first end users, said end user inquiries being the retrieving and viewing of text and/or graphic data from a database;*

**Issue:** the claim language required the accessing step to be performed by the first end users (typically real estate agents and prospective buyers), while the other steps were performed by the service provider.

**Better Claim:** accessing providing data files by to said first end users, said accessing data files by provided in response to a being a plurality of inquiries from individual first end users, said end user inquiries being the retrieving and viewing of text and/or graphic data from a database;

# Claim Drafting Strategies : Unitary Claim Drafting

## In *BMC v. Paymentech*

Multi-actor step:

- A method of paying bills using a telephone connectable to at least one remote payment card network via a payee's agent's system. . .

*-determining whether sufficient available credit or funds exist in the PIN-less credit or debit card account;*

*-charging the entered payment amount against the PIN-less credit or debit card account;*

*-adding the entered payment amount to an account associated with the entered account number;*

**Issue:** The determining, charging, and adding steps are respectively performed by financial institutions, retail merchants, and debit networks, all separate entities from Paymentech itself.

**CHASE** ™  
Paymentech

# Claim Drafting Strategies : Unitary Claim Drafting

## In *BMC v. Paymentech* (Cont.)

**Issue:** The determining, charging, and adding steps are respectively performed by financial institutions, retail merchants, and debit networks, all separate entities from Paymentech itself.

**Better Claim:** This is a challenging redraft as the claim involves up to four actors:

- receiving determination of ~~determining~~ whether sufficient available credit or funds exist in the PIN-less credit or debit card account;
- initiating the charging of the entered payment amount against the PIN-less credit or debit card account;
- receiving notification that the ~~adding~~ the entered payment amount was added ~~amount~~ to an account associated with the entered account number;

However, this would have been best drafted as a system claim . . .

# Claim Drafting Strategies : Unitary Claim Drafting

## *In Global Patents:*

Multi-actor step: A method for downloading responsive data from a remote server comprising the following steps. . .

*Identifying a query via a data input means and inputting said query to remote query and data retrieval means;*

**Issue:** Alleged infringement involved “identifying” step being performed by remote user’s computer – “If no person ever visited Defendant’s website, then Plaintiff’s patent would never be infringed.”

**Better Claim:** ~~identifying~~ receiving a query ~~via a data input means and inputting said query to~~ into remote query and data retrieval means, said query identified via a data input means.

**NOTE:** This doesn’t write the user out of the claim—only the requirement that the user perform the claimed identifying step.

# Claim Drafting Strategies : Unitary Claim Drafting

## Unitary Claim Drafting Tips:

- Ensure all present tense verbs (e.g. transmitting, determining) in method claims are readily performed by a single actor/entity.
- Can still have secondary actors—however, make such limitation a peripheral requirement of the claim by making the second actor an object, not an actor. (e.g. identifying by end user a query -> a query identified by end user)
- Be cautious with preamble: Limitations in preamble calling out specific actors can create unintended divided infringement problems.

# Claim Drafting Strategies : System Claim Drafting

- Most method claims can be readily drafted as system claims as well.
- Multi-actor limitations on system/apparatus claims are much less severe. Under *NTP v. RIM* and its progeny, the alleged infringer must only exercise control over the system to the benefit of the infringer. This encompasses situations with several actors that a method claim otherwise wouldn't.
- For example, recall the method claim steps at issue in *BMC*:

A method of paying bills using a telephone connectable to at least one remote payment card network via a payee's agent's system. . .

-determining whether sufficient available credit or funds exist in the PIN-less credit or debit card account;

-charging the entered payment amount against the PIN-less credit or debit card account;

-adding the entered payment amount to an account associated with the entered account number;

# Claim Drafting Strategies : System Claim Drafting

- A system claim might have solved the multi-actor infringement issue as well:

## Method

A method of paying bills using a telephone connectable to at least one remote payment card network via a payee's agent's system. . .

-determining whether sufficient available credit or funds exist in the PIN-less credit or debit card account;

-charging the entered payment amount against the PIN-less credit or debit card account;

-adding the entered payment amount to an account associated with the entered account number;



## System

A *system* for paying bills using a telephone connectable to at least one remote payment card network via a payee's agent's system comprising. . .

-*Means for* determining whether sufficient available credit or funds exist in the PIN-less credit or debit card account;

-*Means for* charging the entered payment amount against the PIN-less credit or debit card account;

-*Means for* adding the entered payment amount to an account associated with the entered account number;

# Claim Drafting Strategies : Product Claim Drafting

- Product claims should be drafted where possible as well.
- Product claims are resistant to divided infringement defenses as they represent the aggregation of elements into a whole.
- Patent owners should also consider making infringement claims under 35 U.S.C. § 271(g), which extends liability to acts of importation or domestic sale or use of a product made by a patented process without a requirement that the process be performed in the United States.
- So, even if a divided infringement defense is available for a would-be infringer of a patented method, 271(g) *might* allow a remedy against the sale or use of the products of the claimed process or method. *See E.I. DuPont De Nemours and Co. v. Monsanto Co.*, 903 F.Supp. 680, 733-34. (holding Defendant Monsanto liable under 271(g) for products made by patented method where at least one claimed process step was performed by another party)

# Post-Issue Strategies

- If there is any continuation application pending, draft unitary claims to cover previously claimed methods at issue.
- Even if no continuation, a reissue application could be a viable way to redraft multi-actor claims.
- While issue is unsettled, redrafting claims in this fashion could constitute a “broadening” reissue. Best practice is to file for reissue within 2 years of issue.

# DIVIDED PATENT INFRINGEMENT: LITIGATION ISSUES

Michael A. Cicero

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# PLEADING CONTROL OF THE “MASTERMIND”



*Friday Group v. Ticketmaster,*  
**No. 4:08CV01203, 2008 WL 5233078**  
**(E.D. Mo. Dec. 12, 2008)**  
*(post-Twombly, pre-Iqbal)*



## Facts in *Friday Group*

### Patent: “Method of Selling and Distributing Articles Associated with Live Event”

1. Providing an opportunity to purchase a recording of a live event at a point-of-sale of tickets before the event occurs.
2. Conducting the live event.
3. Recording at least a portion of the live event.
4. Manufacturing copies of the recording.
5. Distributing the manufactured copies to those who preordered the recording.



## Facts in *Friday Group* – (cont'd)

Patentee sues Ticketmaster + 5 other defendants for actions related to its selling and distributing of articles associated with live events, “for example, the Bonnaroo Music and Arts Festival, Dave Matthews Band, the Police, The Who and the Rolling Stones.”



## *Friday Group: Holdings*

- Citing *Global Patent Holdings*, Defendants move to dismiss. Motion GRANTED without prejudice.
- “Plaintiff's Complaint, however, does not allege that any single defendant performed all of the steps of the method or that any defendant was the ‘mastermind’ behind the operation. *See Emtel* . . . . Absent the allegation that one of these defendants was the one that directed or controlled the method, Plaintiff fails to state a claim for direct infringement.”



## *Friday Group: Holdings*

- “Plaintiff has merely alleged that any of the six defendants directed or controlled the operations of the other five defendants and, thereby, infringed the Patent ‘428. Such an indefinite and nebulous pleading does not meet the standard defined in *Bell Atl. Corp. v. Twombly* or the requirements as set forth in *BMC Resources*.”
- “Here, it appears that the patentee may have been overreaching with respect to the breadth of its claim, particularly when it attempted to include a ‘live performance’ as part of its method claim.”

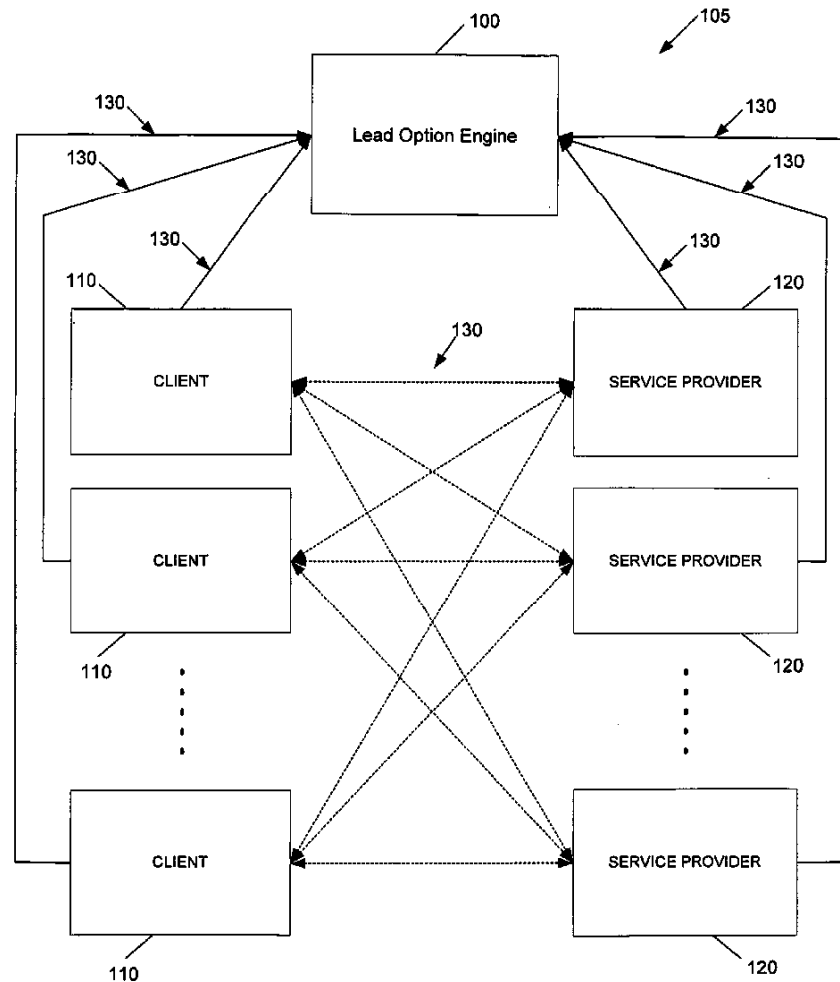


*Desenberg v. Google, Inc.,*  
**No. 09 Civ. 10121, 2009 WL 2337122**  
**(S.D.N.Y. July 30, 2009) (post-*Iqbal*),**  
*report and recommendation adopted, 2010*  
**WL 100841 (S.D.N.Y. Jan. 11, 2010)**



# FIG. 1 of '732 Patent in *Desenberg*

“[C]lients complete project profiles identifying projects they would like to pay service providers to complete”



“Service providers complete project profiles identifying projects they wish to work on”



# Court's Observations of Desenberg's '732 Patent

- “[T]he patent’s drawing sheets depict block diagrams which appear to document the invention as requiring the participation of three types of parties: the ‘lead option engine,’ a ‘client,’ and a ‘service provider.’”
- “Desenberg’s patent, as structured in the elements or steps comprising the patent’s first claim (the only independent claim), clearly require the participation of multiple parties. Indeed, the method facilitates interactions between consumers and service providers in real time . . . , making multiple parties critical to the method’s design and implementation.” ***BUT LOOK AT THE CLAIM . . . .***



# Excerpts - Claim 1 of Desenberg's '732 Patent

1. A method for a user using a communications network to search for and identify at least one matching provider of project work, the method comprising:

transmission of a lead comprising contact information that enables communication between the user and the provider . . .

storing in a database at least first provider information and second provider information . . .

comparing the respective maximum lead prices . . .

identifying the provider associated with the lowest one of the respective maximum lead prices;

\* \* \*

providing the at least one lead to the user or provider for project work.



# Arguments on Dismissal Motion in *Desenberg*

- Google:
  - “[C]omplaint ‘fails to allege that a single party performs ‘each step of the patented process,’ ‘ and ‘[a]t best, it alleges that Google combines with its users and with AdWords advertisers ... in an arms-length transaction that allegedly completes all steps of the method.’”
  - “Desenberg has not alleged that Google acts as a ‘mastermind’ directing or controlling the actions or participation of users.” [Court: “This Court agrees.”]



# Arguments on Dismissal Motion in *Desenberg*

- Desenberg:
  - Claim 1 mentions only two parties (not three) – the “user” and the “provider.”
  - Google itself “performs every step of the claimed method.”

*NOTE* – No indication in opinion that Desenberg argued that Claim 1 only requires *one* actor – the “lead option engine.”



# Magistrate Judge Recommends Dismissal

- “In two decisions in the last few years, the Supreme Court significantly clarified the standard for motions to dismiss . . . .”
- “Desenberg has not alleged that those who participate in Google AdWords do so at the behest of Google, even under an expansive interpretation of ‘direction or control,’ and although this Court sympathizes with the limitations that Desenberg faces in proceeding *pro se*, he has failed to properly allege that Google exercises even a modicum of control over Google AdWords users to satisfy the Federal Circuit's joint infringement standard.”



# Magistrate Judge Recommends Dismissal (cont'd)

- Rejected Desenberg’s argument that Google performs every step because that argument “does not accurately reflect the patent’s claim, as written, nor the allegations in Desenberg’s complaint . . . .”



## Lessons in Pleading or Resisting Dismissal Motion

- The word “mastermind” is becoming a magic word that courts are looking for in complaints when deciding dismissal motions. Use it if you must plead that two or more defendants are acting in concert to infringe a claim.
- However, for courts following *Friday Group* rationale, **only one** defendant can be alleged to have been the “mastermind,” and pleading that each defendant was a “mastermind” over others won’t cut it. (Query – but what about pleading in the alternative per FRCP 8(d)(3)?)



# Lessons in Pleading or Resisting Dismissal Motion

- Merely alleging existence of a single “mastermind,” without alleging facts to support that characterization, may be insufficient under *Iqbal*.
  - “Threadbare recitals of the elements of a cause of action, supported by mere conclusory statements, do not suffice.” *Iqbal*, 129 S.Ct. at 1949.
  - “Plaintiff has not sufficiently alleged *facts to support* a claim that any of the other defendants would be vicariously liable to the alleged ‘mastermind’ defendant based upon some contractual, agency or other relationship.” *Friday Group* at \*3 (emphasis added).



## Lessons in Pleading or Resisting Dismissal Motion

“Commonly, an outsider will not be privy to the details of what conversation or conduct took place between a principal and the agent. Thus, courts have recognized that to survive a motion to dismiss under 12(b)(6) on this issue, a plaintiff need only ‘raise[ ] a *sufficient inference that some sort of agency relationship existed* between’ the purported principal and agent.” *Amusement Indus., Inc. v. Stern*, No. 07 Civ. 11586, 2010 WL 445906, at \*10 (S.D.N.Y. Mar. 1, 2010) (citations omitted, emphasis added).

“A claim has facial plausibility when the plaintiff pleads factual content that allows the court to draw the *reasonable inference* that the defendant is liable for the misconduct alleged.” *Iqbal*, 129 S.Ct. at 1949 (emphasis added).



# Lessons in Pleading or Resisting Dismissal Motion

- What kinds of facts may support a “mastermind” allegation, at least in the aggregate?
  - **Existence** of a contract – may help at the pleading stage, but not enough by itself to prove liability (*Emtel* at \*23).
  - **Public statements** (10-K reports, press releases, web pages) describing relationship between actors.



## Lessons in Pleading or Resisting Dismissal Motion

- For claims that only require one actor but that could be vulnerable to a “divided infringement” argument, consider explicitly alleging that the asserted claim requires only a single actor to perform all claimed steps, in order to try to meet “facial plausibility” standard under *Iqbal*.
  - Nature of claim may not otherwise be self-evident to the judge, as in *Desenberg*, and such an allegation could be cited in opposition to dismissal motion.
  - There is a chance (however small) that if a defendant has to file an answer, a favorable admission of that allegation could be obtained.



# TARGETING “CONTROL” ISSUE IN DISCOVERY



## Potential Discovery Topics

*VICARIOUS LIABILITY TEST*: Are the details of the independent contractor’s work controlled “to such an extent that the contractor cannot perform the work as he chooses”?

*Emtel* at \*21. Factors:

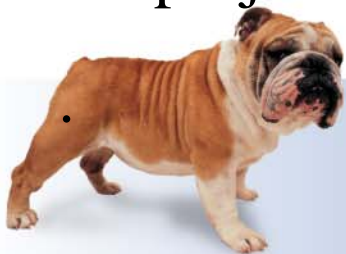
- **Contract terms** – Does contract “impose[] specific instructions and requirements on how the third party is to perform the steps necessary for infringement”? *Id.* at \*23.
- ***CCNV v. Reid* Factors** – *Reid* considered common-law agency principles to evaluate whether contractor was “employee” for work-for-hire purposes. *Int’l Code Council, Inc.*, No. 02 C 5610, 2006 WL 85079, at \*18 (N.D. Ill. Mar. 27, 2006).



# Potential Discovery Topics

## CCNV v. Reid Factors:

- (1) the hiring party's right to control the manner and means by which the product is accomplished ...
- (2) the skill required;
- (3) the source of the instrumentalities and tools;
- (4) the location of the work;
- (5) the duration of the relationship between the parties;
- (6) whether the hiring party has the right to assign additional projects to the hired party;



## Potential Discovery Topics

### CCNV v. Reid Factors (cont'd):

- (7) the extent of the hired party's discretion over when and how long to work;
- (8) the method of payment;
- (9) the hired party's role in hiring and paying assistants;
- (10) whether the work was part of the regular business of the hiring party;
- (11) whether the hiring party is in business;



## Potential Discovery Topics

### *CCNV v. Reid* Factors (cont'd):

(12) the provision of employee benefits; and

(13) the tax treatment of the hired party.

*Comm. for Creative Non-Violence v. Reid*, 490 U.S. 730, 751-52 (1989); *see also id.* at 742 (“Thus work for hire status under [17 U.S.C.] §101(1) depends on a hiring party’s actual control of, rather than right to control, the product.”).



# ALTERNATIVE FORUMS



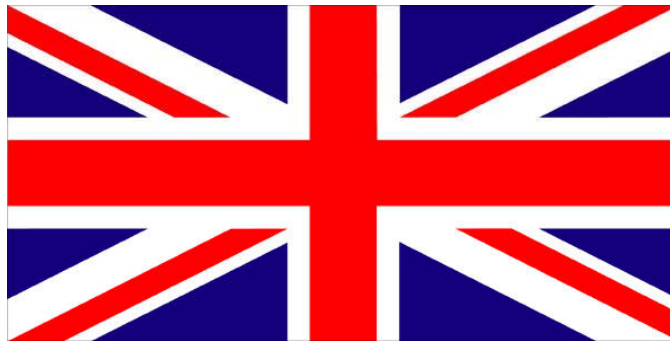
## The I.T.C.

For claims drawn to products of patented processes, the two statutory exceptions to liability for infringement of such claims under 35 U.S.C. § 271(g) that apply in district court do *not* apply in Section 337 proceedings before the International Trade Commission. *Kinik Co. v. Int'l Trade Comm'n*, 362 F.3d 1359, 1363 (Fed. Cir. 2004).



## The U.K.

Consider obtaining a British patent along with other needed patents if there are no viable alternatives to claiming an invention other than with a divided method claim. In the U.K., “many of the problems with litigating divided infringement claims in the United States may simply not arise under U.K. law.” Mark A. Lemley, *et al.*, *Divided Infringement Claims*, 33 AIPLA Q.J. 255, 280 (Summer 2005).



**END**

