

**The Ninth Annual
Canadian IT Law Association Conference
October 27-28, 2005**

**Select Developments in U.S. Patent Law
Cross-Border Application of U.S. Patents**

By Mark Montague

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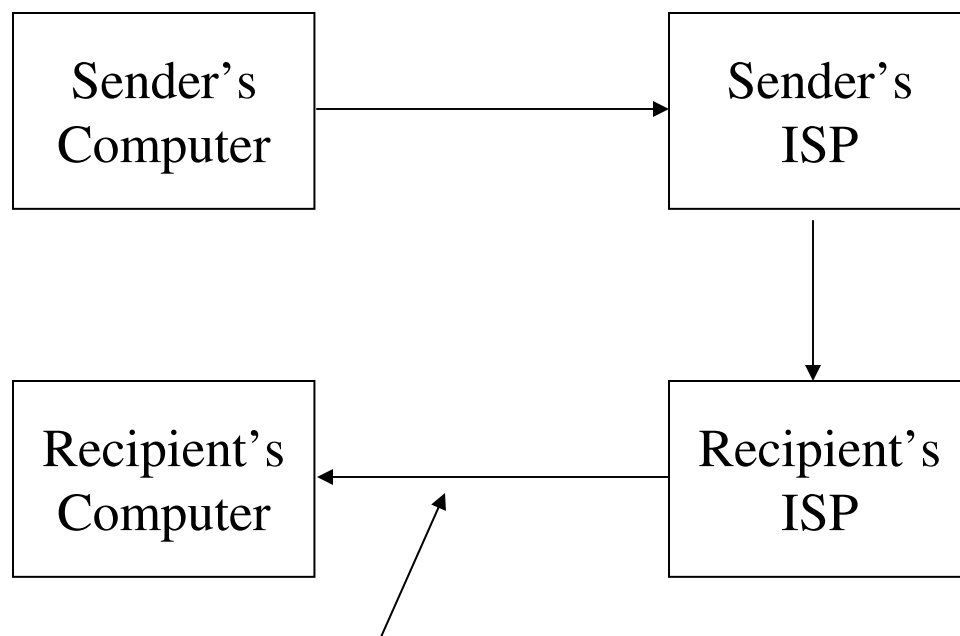
U.S. PATENT INFRINGEMENT OVERVIEW - 35 U.S.C. §271

- §271(a) Direct Infringement
 - ◆ makes, uses, offers to sell, or sells patented invention in U.S.; or
 - ◆ imports patented invention into U.S.
- §271(b) Inducing Infringement
- §271(c) Contributory Infringement – Component of Invention *Especially* Made for Use in Patented System/Process
- §271(f) *Exportation Infringement* - Supply Uncombined Components of Patented Invention & Induce Infringement Outside U.S. (or be a contributory infringer thereto)
- §271(g) *Importation Infringement* - Import Product into United States made by a Process Patented in U.S.

NTP V. RESEARCH IN MOTION

75 USPQ2D 1763 (Fed. Cir. 2005) (Aug. 2, 2005)

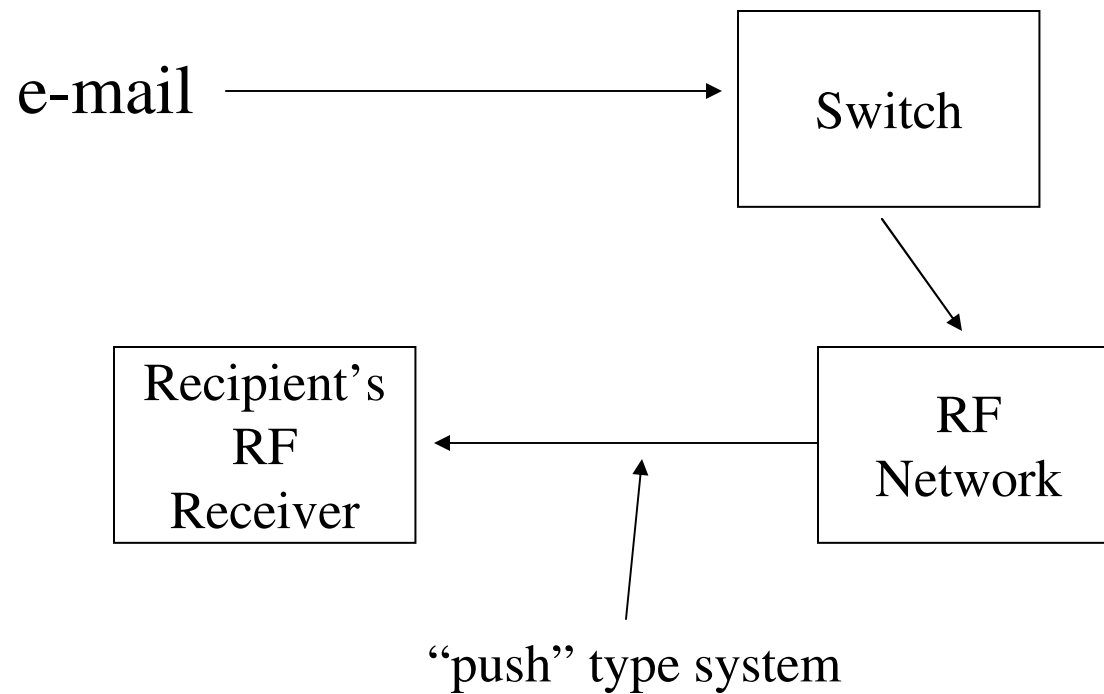
■ Traditional E-mail Delivery Systems: Background



"pull" type system

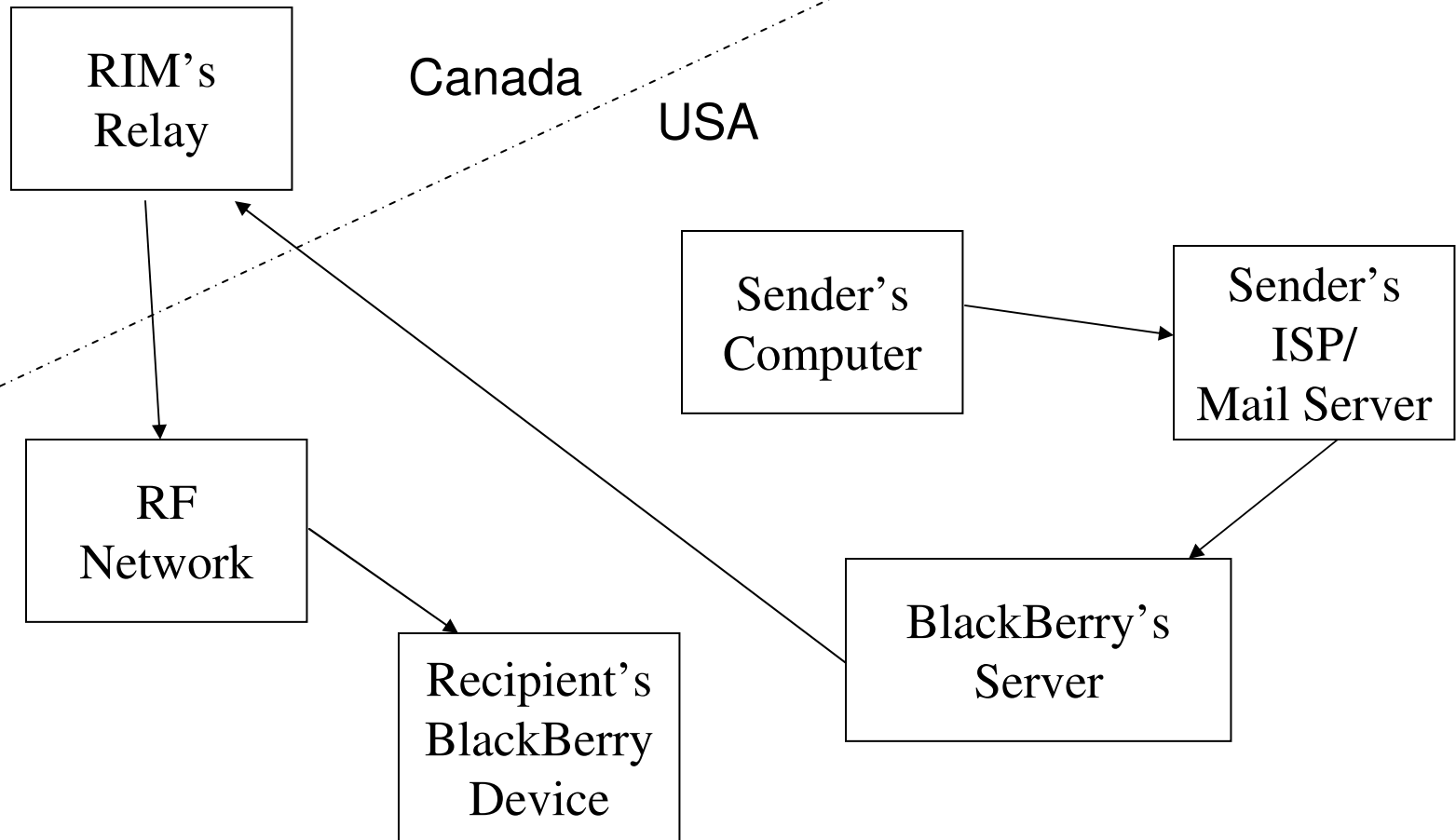
NTP V. RESEARCH IN MOTION

- NTP's U.S. Patents: 5,436,960; 5,625,670; 5,819,172; 6,067,451; 6,317,592 -- Simplified Process



NTP V. RESEARCH IN MOTION

■ RIM's BlackBerry System



CLL

NTP V. RESEARCH IN MOTION

- District Court held: RIM infringed asserted patents notwithstanding the fact that RIM's Relay component is located outside the United States

NTP V. RESEARCH IN MOTION

- 35 U.S.C. 271(a)

Except as otherwise provided in this title, whoever without authority makes, uses, offers to sell, or sells any patented invention, within the United States, or imports into the United States any patented invention during the term of the patent therefor, infringes the patent.

NTP V. RESEARCH IN MOTION

- Decca Ltd. v. United States
544 F.2d 1070 (Ct. Cl. 1976)
 - ◆ The claimed invention pertained to a radio navigation system and one asserted claim called for three transmitting stations.
 - ◆ Three transmitters in the accused system were utilized, but only two were located in the United States.
 - ◆ The court held that from the standpoint of usage, “a navigator employing signals from that station [located outside the United States] is, in fact, ‘using’ that station and such use occurs wherever the signals are received and used in the manner claimed.”

NTP V. RESEARCH IN MOTION

- Federal Circuit held system claims infringed

“The use of a claimed system under section 271(a) is the place at which the system as a whole is put into service, i.e., the place where control of the system is exercised and beneficial use of the system obtained.”

NTP V. RESEARCH IN MOTION

- Held: Method Claims Not Infringed
 - ◆ “Under section 271(a), the concept of ‘use’ of a patented method or process is fundamentally different from the use of a patented system or device.”
 - ◆ Quoting Roberts Dairy Co. v. United States, 530 F.2d 1342, 1354 (Ct. Cl. 1976), “[i]t is well established that a patent for a method or process is not infringed unless all steps or stages of the claimed process are utilized.”

NTP V. RESEARCH IN MOTION

- Further Findings With Respect to Method Claims
 - ◆ “offers to sell” “sells” and “imports into the United States” prongs of 35 U.S.C. 271(a) not applicable to methods: only “use” prong of 271(a) applicable to methods
 - ◆ 35 U.S.C. 271(f) -- pertaining to exporting of components of a patented invention -- not applicable to methods
 - ◆ 35 U.S.C. 271(g) only applicable to importation of manufactured (physical) products: formatted e-mail, while statutory subject matter under section 101, is not a physical product.

EOLAS TECHNOLOGIES V. MICROSOFT
399 F.3d 1325 (Fed. Cir. 2005) (Mar. 2, 2005)

- Eolas Technologies' U.S. Patent No. 5,838,906 pertains to allowing use of a web browser in a fully interactive environment

EOLAS TECHNOLOGIES V. MICROSOFT

Claim 6 of the asserted patent recites:

A computer program product for use in a system ..., the computer program product comprising:

a computer usable medium having computer readable program code physically embodied therein, said computer program product further comprising:

computer readable program code for causing said client workstation to execute a browser application to parse a first distributed hypermedia document to identify text formats ...;

computer readable program code for causing said client workstation to utilize said browser to display

EOLAS TECHNOLOGIES V. MICROSOFT

35 U.S.C. 271(f) states:

(1) Whoever without authority supplies or causes to be supplied in or from the United States all or a substantial portion of the components of a patented invention, where such components are uncombined in whole or in part, in such manner as to actively induce the combination of such components outside of the United States in a manner that would infringe the patent if such combination occurred within the United States, shall be liable as an infringer.

(2) Whoever without authority supplies or causes to be supplied in or from the United States any component of a patented invention that is especially made or especially adapted for use in the invention and not a staple article or commodity of commerce suitable for substantial noninfringing use, ...

EOLAS TECHNOLOGIES V. MICROSOFT

- The Federal Circuit held that since software code embodied on a disk qualifies as an invention eligible for patenting under 35 U.S.C. §101, the term “patented invention” as set forth in §271(f) should be construed no differently than under §101.
- The Federal Circuit then concluded that code on a golden master disk is a “component” of Eolas’s patented invention
- The Federal Circuit expressly rejected Microsoft’s position that a “component” under §271(f) must be a tangible element.

AT&T V. MICROSOFT

414 F.3d 1366 (Fed. Cir. 2005) (July 13, 2005)

- AT&T asserted U.S. Reissue Patent 32,580 directed to speech encoding technology

AT&T V. MICROSOFT

USA

Create Copies
of Software

Distribute
Copies

Export
Software

Install Software
(from copies) on
Foreign-Made
Computers &
Foreign Use

Create Software
(Component of Patented
Invention)

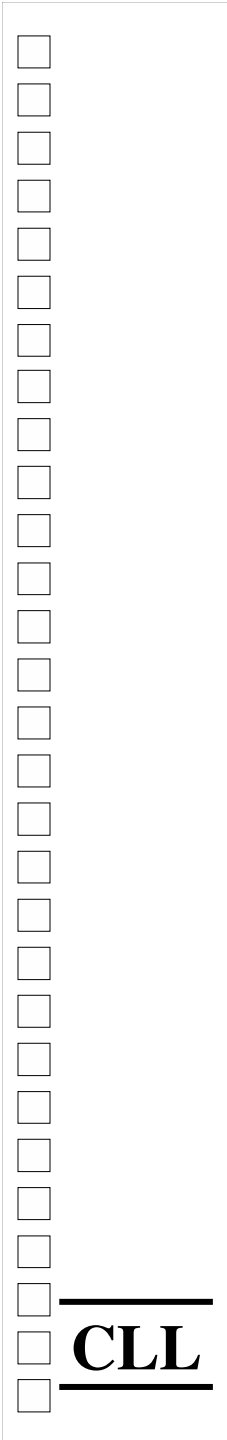
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AT&T V. MICROSOFT

- The district court held Microsoft's Windows operating system to infringe the asserted patent and further held that Microsoft's exporting of a golden master disk containing the software was an infringement under 35 U.S.C. §271(f).
- On appeal, the Federal Circuit addressed the sole issue of whether the district court properly construed §271(f)

AT&T V. MICROSOFT

- Microsoft's two principal arguments:
 - ◆ (1) software is intangible information and thus can not be a "component" of a patented invention under §271(f); and
 - ◆ (2) even if the Windows software were a "component," no actual component was "supplied" from the United States as required by the statute. That is, Microsoft argued that the actual copies of the software that were installed on the foreign-assembled computer had all been made outside the United States



AT&T V. MICROSOFT

The Federal Circuit first reaffirmed its recent holding in *Eolas Techs. v. Microsoft*: software may indeed be a “component” of a patented invention under §271(f)

AT&T V. MICROSOFT

- The Federal Circuit considered the unique nature of software technology:
 - ◆ software is “supplied” usually by generating a copy
 - ◆ for software, the act of copying is subsumed in the act of supplying
 - ◆ Legislative history supports a broad construction of the section

AT&T V. MICROSOFT

Held: sending a single copy abroad with the intent that it be replicated invokes §271(f) liability for those foreign-made copies

AT&T V. MICROSOFT

Judge Rader's dissent

“... copying and supplying are separate acts with different consequences -- particularly when the ‘supplying’ occurs in the United States and the copying occurs in Düsseldorf or Tokyo.”

“The only true difference between making and supplying software components and physical components is that copies of software components are easier to make and transport. The ease of copying a patented component is not the proper basis for making distinctions under §271(f).”

AT&T V. MICROSOFT

Judge Rader's dissent, cont'd

“This court reinforces one point several times, namely that its judgment reaches a just result by imposing liability for multiple infringing acts by foreign manufacturers on a U.S. ‘supplier’ of a single patented component. This emphasis suggests that AT&T might otherwise have no remedy for infringement occurring wholly outside the United States. AT&T, however, is not left without remedy. AT&T can protect its foreign markets from foreign competitors by obtaining and enforcing *foreign patents*. Section 271(f) protects foreign markets from domestic competitors. Section 271(f) does not, or at least did not until today, protect foreign markets from foreign competitors.” (emphasis added)

AT&T V. MICROSOFT

But ...

Certain types of inventions cannot be patented in various countries/regions

**Union Carbide Chemicals v. Shell Oil Co.
Fed. Cir., No. 04-1475 (Oct. 3, 2005)**

- Union Carbide owns U.S. Patent No. 4,916,243, directed to the manufacture of ethylene oxide as well as a catalyst therefor
- Shell sold the catalyst.
- The District Court held Shell Oil liable for direct infringement and contributory infringement.
- The District Court held *in limine* that Shell Oil's foreign sales are not relevant since 35 USC 271(f) does not apply to processes

Union Carbide Chemicals v. Shell Oil Co.

- On appeal, the Federal Circuit held that the district court erred in its holding
- The Court noted factual similarities with those in *Eolas v. Microsoft*

Summary

■ 35 U.S.C. 271(a) – Direct Infringement

- ◆ “make,”
- ◆ “offers to sell”
- ◆ “sells”
- ◆ “imports”

prongs

only applicable to systems or products (not methods) (RIM)

- ◆ “use” prong:
 - ◆ for patented method, actual location of step(s) must be in U.S. (RIM)
 - ◆ for patented systems: location of control and benefit must be in U.S. (RIM)

Summary

- 35 U.S.C. 271(f) – *Export* Infringement
 - ◆ “component” exported can be intangible (e.g., s/w) (Eolas)
 - ◆ foreign copy is synonymous with “supply” under the section (AT&T)
 - ◆ applicable to export that causes foreign infringement of patented process (Union Carbide)
 - ◆ not clear if 271(f) is applicable to export of s/w for foreign infringement of patented process (RIM)

- 35 U.S.C. 271(g) – *Import* Infringement
 - ◆ only applicable to tangible, physical products (e.g., formatted e-mail N/A) (RIM)

FINAL OBSERVATIONS

- Concepts of infringement of software/computer-related patents still in development stage
- Software and tangible “physical” goods are treated differently ... sometimes
- Expansion of §271(f) - *Exportation Infringement* – May encourage the *exporting* of software development outside the U.S.

Thank You

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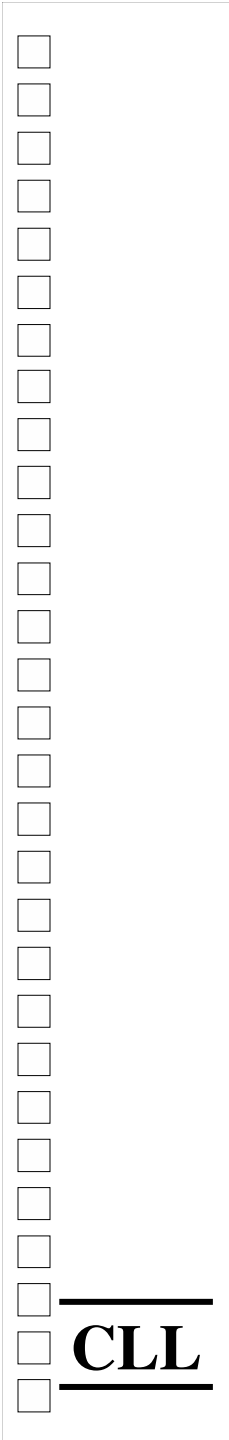
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