A SOFTWARE METHOD TO THE MADNESS:

THE IMPLICATIONS OF CARDIAC PACEMAKERS TO 35 U.S.C. §271(f)

By: Michelle M. Koeth

It is rare and exciting to hear the cautionary adage "we must wait until after the Supreme Court's decision on Bilski," being uttered in a room of litigators discussing an infringement statute. These litigators are members of the Bar Association of the District of Columbia and the Women's Bar Association of the District of Columbia discussing Cardiac Pacemakers and 35 U.S.C. § 271(f). However, more interesting, is the impact that software, the product of modern times, which is perceived to be not quite machine, but not quite process, has on a powerful infringement statute.

Briefly, the holding of *Cardiac Pacemakers, et al. v. St. Jude Medical, et al.*, 2007-1296, -1347 (Fed. Cir. 2009), ended the Federal Circuit's trend through a complex series of cases of expanding activities that constitute as infringement under 35 U.S.C. § 271(f). *Cardiac Pacemakers* clarified that "Section 271(f) does not cover method claims." The confusion over §271(f) lies in its language. Section 271(f) prohibits a substantial portion of components of an invention, or any component that is especially made/adapted for use of an invention, but otherwise not a staple article or commodity of commerce suitable for some substantial non-infringing use from being supplied in or from the United States (U.S.) when these components are supplied in such a manner that actively induces the combination of such components outside of the U.S. when such a combination would infringe the patent within the U.S.

Therefore, the elements of §271(f) can be broken down as follows: 1) component(s); 2) supplied in or from the United States; 3) to actively induce combination of the component(s) outside of the U.S.; 4) in a manner that would infringe the patent if such combination occurred within the U.S. Because §271(f) discusses "components," i.e. physical portions of a patent, it is difficult to understand why anyone would believe that "methods" are included in the statute without further understanding of the history of §271(f).

Section §271(f) was enacted to close a previous loophole in §271 at issue in *Deepsouth Packing Co., Inc. v. Laitram Corp.*, 406 U.S. 518, 531 (1972). Specifically, in *Deepsouth*, the Supreme Court held that a U.S. company could make and sell parts of a patented machine to foreign buyers for assembly and use abroad because the use of a patented product outside of the U.S. is not infringement. Therefore, Congress enacted §271(f) in order to prevent U.S. companies from circumventing infringement merely by having patented machines constructed abroad. Congress' focus was to prohibit infringement of the patented machine, not on methods of that machine, or methods of manufacturing the machine.

In the realm of software, the question of what is a "component" is less defined since software can be copied, and can co-exist in multiple jurisdictions. Thus, the series of Federal Circuit cases leading up to *Cardiac Pacemakers* began to explore the complexities of software in view of §271(f). These series of cases resulted in an expansion of activities pertaining to patented software that which would constitute infringement.

Two seminal §271(f) software cases in the Federal Circuit were *Eolas Technologies, Inc. v. Microsoft Corp.*, 399 F.3d 1325 (Fed. Cir. 2005) and *AT&T corp. v. Microsoft Corp.*, 414 F.3d 1366 (Fed. Cir. 2005). In both cases, Microsoft was held liable for infringement where some

"master disks" containing portions of patented software were sent overseas, and subsequently copied onto computer hard drives sold outside the U.S. In these cases, the Federal Circuit held that the master disks were a component of a patented invention under §271(f), and that the component was "supplied" for the purposes of §271(f) when a single copy was sent abroad with the intent that it is to be replicated.

However, the Supreme Court reversed the Federal Circuit's holding in *Microsoft Corp. v. AT&T Corp.*, 550 U.S. 437 (2007). It held that the "master disk" was not a component under §271(f) because what was actually installed was not the software on the "master disk" but copies of the software.

Cardiac Pacemaker further commented on the definition of "component" in §271(f). It stated that "a material or apparatus for use in practicing a patented process is not a component of that process." Therefore, *Cardiac Pacemaker* agrees with the Supreme Court's ruling in *Microsoft v. AT&T*, in preventing owners of software patents from seeking infringement remedies based on a "master disk" being supplied overseas for the intent of making copies of the software overseas.

Such a holding seems to allow infringement merely because software can be copied from a "master disk." However, as discussed at the Bar Association of the District of Columbia and the Women's Bar Association of the District of Columbia discussion of Cardiac Pacemakers and 35 U.S.C. § 271(f), in present times, software can now be distributed in many forms, and the old method of distribution by copying from a "master disk," has become deprecated by internet communication, and by the way in which software itself operates.

For example, components of patent "software" could exist in several jurisdictions, with one component of the software operating in the U.S. and another component of the software operating in China; however, the patented software necessarily requires composition of two components together. If a user in China is "supplied" with the component existing in the U.S. over the Internet, an argument could be made that an infringement occurs under §271(f). In this situation, the nature of what is "supplied" from the U.S. would be at issue – if it is a copy of the U.S. component sent over the internet, a user in China may not be found to infringe. If the actual U.S. component that will be used by the China component is deemed to be sent over the internet to China, an argument for infringement under §271(f) exists.

These complications ensue from the question of to which statutory category of subject matter does software belong. Currently, 35 U.S.C. § 101 requires that software be "tied-to" a machine. Therefore, software should be considered a machine, and components of software which are actually "supplied" and not just copied overseas, should constitute infringement under §271(f). However, we will have to "wait until after the Supreme Court's decision on Bilski," before being tormented on that issue.

For now, the default position seems to be that any "gaps" that appear to exist in §271(f) regarding "supply" of a "component," that does not fall under the definition of infringement set forth in §271(f), can be covered by §271(g), which pertains to methods. Therefore, any apparent gaps in §271(f) should not be of concern, at least in theory. However, the lesson to be learned from Cardiac Pacemakers is that litigators and patent prosecutors may be required to have greater perspective in the realized scope of software claims, when drafting and litigating these claims, by noting that "copies" of any software components will at least not be considered a "component" within the definition of §271(f).