

IN THE
Supreme Court of the United States

MIRROR WORLDS, LLC,

Petitioner,

v.

APPLE INC.,

Respondent.

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

**MOTION FOR LEAVE TO INTERVENE AND
SUBMIT A REPLY BRIEF AND REPLY BRIEF
IN SUPPORT OF THE PETITION
FOR A WRIT OF CERTIORARI**

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MOTION TO INTERVENE

Subsequent to filing the instant Petition for a Writ of Certiorari, Petitioner Mirror Worlds, LLC assigned its interest to all of the patents-in-suit in the district court to Mirror Worlds Technologies, LLC, including U.S. Patent No. 6,006,227. The assignment included, *inter alia*, Mirror Worlds, LLC's interest in the proceedings that led up to the instant Petition for a Writ of Certiorari.

As Petitioner's assignee, Mirror Worlds Technologies, LLC has standing to intervene in the Petition and will be prejudiced in future proceedings if it is not allowed to join the Petition and submit a reply brief in support of the pending Petition for a Writ of Certiorari.

Accordingly, Mirror Worlds Technologies, LLC moves this Court for leave to intervene and file the reply brief submitted herewith.

Respectfully submitted,

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RULE 29.6 STATEMENT

Mirror Worlds Technologies, LLC is wholly-owned
by Network-1 Security Solutions, Inc.

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**REPLY BRIEF IN SUPPORT OF THE
PETITION FOR A WRIT OF CERTIORARI**

In *Quanta Computer, Inc. v. LG Electronics, Inc.*, this Court held that “methods . . . may be ‘embodied’ in a product, the sale of which exhausts patent rights.” 553 U.S. 617, 628 (2008). It logically follows that the unauthorized sale of such a product is an infringing sale. *See, e.g., CLS Bank Int’l v. Alice Corp.*, 667 F. Supp. 2d 29, 37 (D.D.C. 2009).

But the Federal Circuit disagrees. Rather than follow the logical extension of the *Quanta* rule, the Federal Circuit, relying upon the same theories rejected by this Court in the exhaustion context, has refused to recognize that an offer for sale or sale of a product can directly infringe a method claim.

Apple advocates that this Court follow the Federal Circuit’s hyper-technical approach, which effectively limits infringement of method claims under the statute to cases of “use.” In so doing, Apple seeks to have this Court adopt the rule applied by the Federal Circuit (and district court below), that “[t]o infringe a method claim, all steps of the claimed method must be performed.” Pet. App. at 13a; *see also id.* at 14a, 44a-45a. In other words, under this rigid and highly formalistic rule, only uses of method claims could be subject to findings of direct infringement and not offers for sale or sales as codified at 35 U.S.C. § 271(a).

Under the Federal Circuit’s rule of law, the sale by a patentee or licensee of a product embodying the ’227 Patent-in-suit would exhaust the patent rights, but the

same sale of such a product by an unauthorized party would not be found to infringe. This cannot be correct.

As to the second question raised, the decisions below have set a precedent that while circumstantial evidence generally may be used in a patent case, it cannot be used to infer that a step in a method claim has been performed. The district court and the Federal Circuit in this case elected to “def[y] logic” based on the absence of direct evidence. Patent law should apply the same rules of circumstantial evidence as other areas of jurisprudence.

I. AN OFFER FOR SALE OR SALE OF A PRODUCT EMBODYING A PATENTED INVENTION DIRECTLY INFRINGES A METHOD CLAIM

A. The Courts Below Improperly Required “Use” to Directly Infringe a Method Claim

The district court applied the Federal Circuit’s rule of law that “[t]o infringe a method claim, a person must have practiced all steps of the claimed method.” Pet. App. at 43a. Thus, it found that Apple’s sale or offer for sale of products embodying the patented method was insufficient to prove direct infringement of the asserted method claims because “[t]he law is clear that the sale or offer for sale is insufficient to prove direct infringement of a method claim.” *Id.* at 44a.

The Federal Circuit based its holding on this same rule of law: “To infringe a method claim, all steps of the claimed method must be performed.” *Id.* at 13a.

In both instances, the lower courts failed to recognize that Section 271(a) includes as direct infringements, not merely uses of a patented invention, but also offers for sale and sales:

[W]hoever without authority makes, uses,
offers to sell, or sells any patented invention
. . . infringes the patent.

35 U.S.C. § 271(a).

Thus, the Federal Circuit’s rule is, on its face, contrary to the statute.¹

**B. There Is No Waiver Since the Decisions Below
Rely Upon the Challenged Rule of Law**

Whether the sale or offer for sale of a product that embodies a patented method can be an infringement is a purely legal question. It is hornbook law that “purely legal questions” may be appropriate for decision even though not addressed by the lower court. Eugene Gressman et al., *Supreme Court Practice* 464 n.104 (9th ed. 2007) (citing *Nixon v. Fitzgerald*, 457 U.S. 731, 743 n.23 (1982) and *Mitchell v. Forsyth*, 472 U.S. 511, 530 (1985)).

1. Apple attempts to justify reading “offers to sell, or sells” out of Section 271(a) on the theory that manufacturers can still be held liable for indirect infringement under Sections 271(b) and (c). Br. in Opp’n (“BIO”) at 18-21. However, the existence of a potential remedy under Sections 271(b) and (c) is no substitute, since there are different and heightened requirements to prove indirect infringement. *Cf. id.* at 20.

Here, as Apple’s brief repeatedly confirms, both lower courts applied the rule of law challenged in this Petition. BIO at 6, 8-10. In the case below, the Federal Circuit applied the rule of law that “[t]o infringe a method claim, all steps of the claimed method must be performed.” Pet. App. at 13a; *cf.* BIO at 2. The district court relied upon the same rule of law to set aside the jury verdict: “To infringe a method claim, a person must have practiced all steps of the claimed method . . . [It is] legally insufficient to show direct infringement of the method claims through Apple’s sales” Pet. App. at 43a-45a; *see* BIO at 6-7.

Thus, this issue is properly presented here.²

C. The Federal Circuit’s Rule Conflicts with This Court’s Precedent

Apple contends that the first question is not appropriate for review by the Supreme Court because there is allegedly no legal conflict. BIO at 16-21. Apple’s argument is defective.

First, Apple seeks to avoid the legal conflict associated with the actual issue raised by the Petition by ignoring it and presenting different issues. *Compare* Pet. at i, *with* BIO at i, 16. Apple offers a different question presented that ignores that the present conflict is over products that embody a patented method. BIO at i. In addressing

2. To the extent that Apple objects that this issue was not “pressed” at the Federal Circuit, BIO at 9, 13, it is of no weight, since this Court may properly reach an issue so long as the lower courts have “passed upon” the substantive issue, as is the case here. *See United States v. Williams*, 504 U.S. 36, 41 (1992).

the conflicting precedents, Apple misfocuses on products which are capable of infringement, instead of those embodying the patented invention. *Id.* at 16-17. These strawman arguments merely obfuscate the issues.

Second, there *is* a conflict between the Federal Circuit's rule applied below and this Court's precedent. *Quanta* expressly provides for exhaustion where there is a sale of a product embodying the patented method. 553 U.S. at 638. Maintaining the Federal Circuit's rule leads to the paradoxical and unjust situation where the authorized sale of a product embodying a claimed method can exhaust the patentee's rights, but a sale by an unauthorized party does not constitute direct infringement of that patentee's rights. Pet. at 14-15. This impractical result cannot be the law.

Apple's litany of cases, BIO at 18-19, are not, in fact, contrary to the Petition. First, none of this Court's cases state that an offer for sale or sale of a product embodying a patented invention cannot directly infringe a method claim. At best, Apple's cases stand for the proposition that all elements of a claim must be present to be infringed. *See, e.g., Warner-Jenkinson Co. v. Hilton Davis Chem. Co.*, 520 U.S. 17, 40 (1997), *quoted in* BIO at 19. This is not an issue here, where it is beyond dispute that Apple's computers are programmed to practice each element of Claim 13. *See infra* Point I.D.

Next, some of Apple's authority actually contradicts its position. For example, Apple cites *Moore Filter Co. v. Tonopah-Belmont Development Co.*, 201 F. 532, 541 (3d Cir. 1912) for the proposition that "the test of infringement is whether such process is utilized by the infringer." BIO

at 19. Yet, in *Moore*, the Third Circuit found that “[t]ested by this standard” the process claim was infringed by respondent’s *device*. 201 F. at 542.³

Finally, district courts have demonstrated confusion due to the uncertain nature of the law created by *Ricoh*’s misguided hardware/software distinction. Pet. at 20.⁴ Some have felt obliged to avoid the issue. *See, e.g., W.L. Gore & Assocs. v. Medtronic, Inc.*, 874 F. Supp. 2d 526, 545 (E.D. Va. 2012).⁵ Others have followed a limited version of the *Quanta* rule. *See, e.g., CLS*, 667 F. Supp. 2d at 37. Still others, relying upon *Ricoh*’s authority, have contradicted the *Quanta* rule, *see, e.g., WesternGeco L.L.C. v. ION Geophysical Corp.*, 869 F. Supp. 2d 793, 798-99 (S.D. Tex. 2012), such as in the case here. Pet. App. at 44a.

D. Apple Disingenuously Ignores That Its Products Embody the Patented Method

Much of Apple’s arguments rely upon the faulty assertion that its products do not embody the patented method and that “in order to reach the question presented, this Court would first have to decide whether Apple’s accused devices in fact ‘embodied’ the method of claim 13.” BIO at 15-16.

3. *Moore* also supports the amici’s point criticized by Apple, BIO at 19 n.4, that the Federal Circuit’s rule is inconsistent with validity rules, recognizing that if the accused apparatus had been prior art it would have invalidated the claim. 201 F. at 542.

4. Even Apple makes no effort to defend this hyper-technical and inapposite distinction. *Cf.* BIO at 14.

5. While Apple dismisses *Gore* as *dicta*, BIO at 17 n.3, its point remains true—“the law is currently unclear.” 874 F. Supp. 2d. at 545.

The findings of the courts below, including the majority panel of the Federal Circuit, demonstrate that Apple's computers embody Claim 13: "[T]he use of Spotlight to search for documents on a computer that has sent and received documents (via e-mail, for example) and generates time-ordered search results infringes claim 13." Pet. App. at 14a.

Similarly, as Judge Prost explained in her dissent:

[C]laim 13 simply requires that a search query be run in Spotlight on a computer (that at least contains one file and also that at some point has received one e-mail or other type of file from another computer), and that Spotlight filter its organized database based on the inputted query (return search results).

Id. at 25a.

In other words, as Judge Prost explained, Apple's computers necessarily perform the patented method when a user performs a Spotlight search on a computer that has sent and received e-mails or otherwise generated and received documents. Such an arrangement is the definition of a patented embodiment of Claim 13 of the '227 Patent. However, because of the Federal Circuit's rigid rule, both lower courts' analyses of direct infringement were limited to the use aspect of Claim 13 and not the sale or offer for sale aspects. *Id.* at 14a, 44a. Consequently, the jury verdict was improperly overturned.

While Apple asserts that its computers must be used in "highly specific ways" to practice Claim 13, BIO at 4, Apple fails to explain that the "highly specific way"

is simply to perform a Spotlight search on a computer containing documents that were generated and received by it. Apple's argument is like saying that in order to ride a bicycle it must be used in a "highly specific way," i.e., it must be pedaled. Here, when Apple computers are used in the natural and intended way of generating and receiving documents and then looking for them, every step of Claim 13 is practiced.

Apple also argues that its computers have noninfringing uses to justify its contention that they do not embody the patented invention. BIO at 15. First, this is irrelevant, since "noninfringing uses" refers to a defense to contributory infringement under Section 271(c), not direct infringement under Section 271(a). Further, under the *Quanta* rule, a noninfringing use inquiry is also irrelevant when a completed product, like the Apple computers here, is sold, instead of an incomplete item. *Keurig, Inc. v. JBR, Inc.*, No. 11-11941-FDS, 2013 U.S. Dist. LEXIS 73845, at *33-35 (D. Mass. May 30, 2013).

Besides being irrelevant, *Quanta* explained that this inquiry into alternative uses is directed to those "features" that are "partially practicing the patent," not other available features. 553 U.S. at 632 n.6 (regarding exhaustion of incomplete components). *See also, e.g., Fujitsu Ltd. v. Netgear Inc.*, 620 F.3d 1321, 1330-31 (Fed. Cir. 2010) (regarding contributory infringement).

Here, the software incorporated into the core operating system of the Apple computers that allows for the patented method to be performed has no noninfringing use.

E. This Is an Important Issue to the Patent Community

Notwithstanding Apple's accusations,⁶ the amicus submissions at this stage evidence the importance of this issue in the patent community. Preventing inventors (like the amici) from finding relief for direct infringement against the manufacturer of a product embodying a patented method and instead forcing inventors to seek relief against users of that product imposes an unworkable burden on them. Raymond Br. at 12-13. There are real concerns with the broader impact of both an uncertain state of the patent law and the Federal Circuit's position that the offer for sale or sale of a product that embodies a patented method does not come within the scope of Section 271(a).

6. While Apple takes the amici to task for “magnify[ing]” the error by asserting that Apple products “‘embod[y]’ the claimed invention,” BIO at 15 n.2, this point, as illustrated in Point I.D, is well supported by both the majority and dissent decisions here. Pet. App. at 14a, 25a. Likewise, Apple's other criticisms of the amici are misplaced. For example, Apple complains that the amici misstate “that the claimed method ‘runs as part of the computer's operating system,’” yet Mr. Jobs confirmed that Spotlight—the infringing feature—is “built right into the core” of the Apple operating system. *Compare* BIO at 15 n.2 *with* A5348 *and* Raymond Br. at 9.

II. CIRCUMSTANTIAL EVIDENCE CAN BE USED TO PROVE THAT A STEP IN A METHOD IS PERFORMED, JUST LIKE IN OTHER AREAS OF LAW

As the majority and dissent recognized, in order to prove that the accused Apple computers were used to infringe Claim 13, only two facts were necessary:

1. The computer both generated and received documents (e.g., sent and received e-mails, or used a web browser and any applications built into an Apple computer to generate (e.g., create, edit, or save) a document); and
2. Thereafter, performed a Spotlight search.

Pet. App. at 14a, 24a-25a.

As set forth in the Petition, Pet. at 9-10, and ignored by Apple, BIO at 22-23, there is no dispute that the Jury was presented with actual evidence of Spotlight searches being performed by Apple and others.⁷

The only question was whether a juror could reasonably conclude that Apple computers also generated and received documents, such as by sending and receiving e-mail. Pet. App. at 14a. Judge Prost and the Jury reached the conclusion that the users of Apple computers, in fact, did. *Id* at 25a. As Judge Prost explained in her dissent: “This evidence strongly suggests that at least

7. Apple’s discussion of how the majority reweighed the evidence and drew adverse inferences against Petitioner, BIO at 22-23, ignores the survey evidence cited by Petitioner, Pet. at 10.

one individual ran a search in Spotlight on a computer that had received data (e-mails).” *Id.* at 26a. Judge Prost also explained: “After all, all computer data are either generated or received, and there would be nothing to search on a computer without data.” *Id.* at 29a. Further, as the district court recognized, it “defies logic” to believe that the users did not turn on the infringing features. A2380:22-2381:3. Even Apple has never asserted that no one used its computers in an infringing manner.

While recognizing generally that circumstantial evidence can be used, the majority and the district court nevertheless required that, for method claims, actual direct evidence of such use be presented instead of inferred.⁸ Both held (as a matter of law) that circumstantial evidence could not be used to show that these steps of the method claim were actually performed. Pet. App. at 21a, 49a-50a (“If it was inconceivable to Mirror Worlds that the accused features were not practiced by Apple, it should have had no difficulty in meeting its burden of proof and in introducing testimony of such use.”).

This error in law traces back to *E-Pass Technologies, Inc. v. 3Com Corp.*, 473 F.3d 1213, 1222-23 (Fed. Cir. 2007), *cited in* Pet. App. at 21a, 49a-50a, where the Federal Circuit created a de facto rule requiring direct evidence of use of each step in a method claim to prove direct infringement. Pet. at 23-24. *E-Pass* rejected the common law rule by instead requiring direct evidence of actual

8. The district court made this point by holding that “direct infringement of a method claim cannot be determined on . . . inferences,” Pet. App. at 49a, the touchstone of circumstantial evidence.

individuals performing each step in a claimed method. 473 F.3d at 1222-23. The courts below perpetuate this legal error. Pet. App. at 21a, 49a-50a.

This Court has warned that patent law should not lightly depart from accepted legal principles of general applicability. *See eBay Inc. v. MercExchange, L.L.C.*, 547 U.S. 388, 390-94 (2006). There is no reason for a special patent law rule created by the Federal Circuit to prove use of a method claim.⁹

Apple's distortions and contortions of the evidence presented at trial do not belie this legal error.¹⁰

9. Apple's reliance on *Liquid Dynamics Corp. v. Vaughan Co.*, 449 F.3d 1209 (Fed. Cir. 2006), *cited in* BIO at 21, is inapposite because that case involved apparatus claims and not method claims.

10. Apple's back-up positions relating to its noninfringement arguments, BIO at 24 n.7, were rejected by the Jury, and not adopted by any of the lower courts. Pet. App. at 14a, 24a-25a; *cf.* BIO at 11.

CONCLUSION

For the foregoing reasons and those stated in the Petition and the amici submissions, the Petition for a Writ of Certiorari should be granted.

Dated: June 3, 2013

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