
**IN THE
UNITED STATES COURT OF APPEALS
FOR THE FEDERAL CIRCUIT**

2007-1296, -1347

CARDIAC PACEMAKERS, INC.
AND GUIDANT SALES CORPORATION,

Plaintiffs-Appellants,

AND

MIROWSKI FAMILY VENTURES, LLC AND ANNA MIROWSKI,

Plaintiffs-Appellants,

v.

ST. JUDE MEDICAL, INC.
AND PACESETTER, INC.,

Defendants-Cross Appellants.

On Appeal From The United States District Court
For The Southern District Of Indiana
In No. 96-CV-1718, Judge David F. Hamilton

**BRIEF OF *AMICI CURIAE* FEDERAL CIRCUIT BAR ASSOCIATION
AND AMERICAN INTELLECTUAL PROPERTY LAW ASSOCIATION IN SUPPORT
OF CROSS-APPELLANTS' PETITION FOR REHEARING *EN BANC***

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CERTIFICATE OF INTEREST

Counsel for *Amici Curiae*, the Federal Circuit Bar Association and the American Intellectual Property Law Association, certifies the following:

1. The full name of every party or amicus represented by me is:

The Federal Circuit Bar Association
The American Intellectual Property Law Association

2. The name of the real party in interest (if the party named in the caption is not the real party in interest) represented by me is:

Not applicable.

3. All parent corporations and any publicly held companies that own 10 percent or more of the stock of the party or *amicus* represented by me are:

None.

4. The names of all law firms and the partners or associates that appeared for the party or *amicus* now represented by me in the trial court or agency or who are expected to appear in this court are:

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Dated: January 30, 2009



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STATEMENT OF INTEREST OF *AMICI CURIAE*

This brief is submitted jointly by the Federal Circuit Bar Association (FCBA) and the American Intellectual Property Law Association (AIPLA), reflecting their common view.

The FCBA is a national bar association with over 2,600 members from across the country, all of whom practice before or have an interest in the decisions of the Court of Appeals for the Federal Circuit. The FCBA offers a forum for discussion of common concerns of the Court and the bar. One of the FCBA's purposes is to render assistance to the Court in appropriate instances, both in procedural and substantive practice areas.

The AIPLA is a national bar association of more than 16,000 members drawn from private and corporate practice, government service, and the academic community. The AIPLA represents a diverse spectrum of individuals, companies and institutions involved directly or indirectly in the practice of patent, trademark, copyright, and unfair competition law. AIPLA members represent both owners and users of intellectual property.

The FCBA and AIPLA have a substantial interest in this patent case because of the need to reflect the important views of the Federal Circuit bar, the intellectual property law bar, and the inventing community. This joint submission seeks to

resolve conflicts between the Panel decision in this case and other decisions of this Court and the Supreme Court.

Defendants-Cross Appellants consented to the filing of this brief; Plaintiffs-Appellants did not consent to the filing of this brief. The FCBA and AIPLA are therefore concurrently filing a motion for leave to file this brief pursuant to Federal Rule of Appellate Procedure 29.

SUMMARY OF THE ARGUMENT

Relying on *Union Carbide Chemicals & Plastics Technology Corp. v. Shell Oil Co.*, 425 F.3d 1366 (Fed. Cir. 2005), the Panel in this case perpetuates the erroneous extension of 35 U.S.C. § 271(f) to process patents. In doing so, the Panel fails to recognize that *Union Carbide's* expansive reading of the statute was substantially undermined by intervening Supreme Court authority in *Microsoft Corp. v. AT&T Corp.*, 550 U.S. 437, 127 S. Ct. 1746 (2007), which deprived *Union Carbide* of the two principal authorities underlying its interpretation of Section 271(f).

In addition, the Panel decision here ignores this Court's earlier binding precedent in *Standard Havens Products, Inc. v. Gencor Industries, Inc.*, 953 F.2d 1360 (Fed. Cir. 1992). Long before either *Union Carbide* or *Microsoft*, *Standard Havens* held that Section 271(f) is not implicated by foreign sales of products used in a patented process – the same activity at issue in the present case.

Even aside from *Microsoft* and *Standard Havens*, the language, structure, and legislative history of Section 271 all demonstrate that Congress never intended Section 271(f) to apply to process patents.

For all of these reasons, this Court should reconsider the unjustified expansion of Section 271(f).

I. THE RATIONALE FOR *UNION CARBIDE'S* EXPANSIVE READING OF SECTION 271(F) WAS UNDERMINED BY THE SUPREME COURT'S DECISION IN *MICROSOFT V. AT&T*

In the present case, the Panel erroneously affirmed recovery of damages attributable to foreign use of a patented process, rejecting the argument that Section 271(f) does not reach process patents. Relying on the 2005 *Union Carbide* decision that Section 271(f) applies to process patents, the Panel failed to recognize the effect of the Supreme Court's 2007 *Microsoft* ruling.

Although the Supreme Court in *Microsoft* refrained from deciding whether a method can be a "patented invention" within the meaning of Section 271(f), 127 S. Ct. at 1756 n.13, its statutory analysis compels the conclusion that *Union Carbide* was wrongly decided. *Microsoft* addressed an alleged Section 271(f) violation based on the "supply" from the United States of "components" (software) of a "patented invention" (a specially-configured computer) for combination (installation) outside the United States. A key finding of *Microsoft* was that software, in its abstract form, cannot qualify under Section 271(f) as a "component" that is either "supplied" or "combined," but instead must exist in a physical embodiment to fall within the scope of the statute. *Microsoft*, 127 S. Ct. at 1755. The Supreme Court thus imposed a physicality requirement on the "components" covered by Section 271(f), thereby implying that the combination of supplied components must produce a "patented invention" that is physical as well.

The Supreme Court's interpretation of Section 271(f) is contrary to the authority on which *Union Carbide* relied.

In reaching its decision, the Supreme Court not only reversed *AT&T v. Microsoft Corp.*, 414 F.3d 1366 (Fed. Cir. 2005), but also rejected the rationale of *Eolas Technologies Inc. v. Microsoft Corp.*, 399 F.3d 1325 (Fed. Cir. 2005), the other decision on which *Union Carbide* relied. *See Microsoft*, 127 S. Ct. at 1755-57. *Eolas* decided that the exact same activity at issue in *Microsoft*, namely, Microsoft's supply of a Windows master disk to foreign computer manufacturers, was an infringement. In holding that Microsoft's activity infringed Eolas' patent under Section 271(f), the panel found that the intangible software code on the master disk was a "component" of a patented invention that was "supplied from the United States." *Eolas*, 399 F.3d at 1341. That finding, however, cannot be reconciled with the Supreme Court's contrary finding in *Microsoft*. 127 S. Ct. at 1755-57. Thus, the portion of *Eolas* relied upon by the *Union Carbide* panel was effectively overruled.

The Supreme Court in *Microsoft* explained that Section 271(f) was specifically enacted to remedy a perceived loophole in U.S. patent law regarding *product* patents, not process patents. 127 S. Ct. at 1751-52. The decision also noted that the statute is addressed to a "component of a patented invention" that is both "combinable" and capable of being "supplied from the United States," neither

of which logically can be said about the intangible steps that make up a process. *Id.* at 1755-57. The Supreme Court further cautioned that Section 271(f) must be construed narrowly, as it reflects an exception to the general rule that U.S. patent law does not apply extraterritorially. *Id.* at 1758. Construing Section 271(f) broadly to reach process patents ignores that caution.

II. EVEN WITHOUT MICROSOFT, THERE IS AMPLE AUTHORITY FOR THIS COURT TO FIND THAT UNION CARBIDE AND THE PANEL DECISION HERE WERE WRONGLY DECIDED

Independent of the *Microsoft* decision, both this Court's own precedent and the Congressional intent embodied in the language and framework of 35 U.S.C. § 271 counsel strongly in favor of this Court reconsidering the extension of Section 271(f) to process patents.

A. In *Standard Havens*, This Court Previously Ruled That Section 271(f) Does Not Reach Process Patents

The question of whether Section 271(f) applies to process patents was answered in the negative by the earlier panel decision in *Standard Havens*. That decision should have controlled in *Union Carbide*. However, the *Union Carbide* decision failed to even acknowledge *Standard Havens*, let alone distinguish it, even though that case was generally understood to have held that Section 271(f)

