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LEGAL ALERT

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Federal Circuit Addresses Use of Industry Standards in Patent Infringement Analysis

In *Fujitsu Ltd. v. Netgear Inc.*, No. 2010-1045 (Fed. Cir., September 20, 2010), the U.S. Court of Appeals for the Federal Circuit was presented with an interesting question: If an accused product complies with an industry standard, is it appropriate to use the industry standard, but not findings from the accused product itself, as the basis for holding that the accused product infringes a patent? In this case, the Federal Circuit explained that in certain instances, an accused product can be found to infringe a patent based upon the product's compliance with an industry standard.

The appeal to the Federal Circuit originated from the U.S. District Court for the Western District of Wisconsin. At issue were certain Netgear wireless networking products that conform to two industry standards: (1) the Institute of Electrical and Electronics Engineers (IEEE) 802.11 Standard (802.11 Standard) and (2) the Wi-Fi Alliance Wireless Multi-Media Specification, Version 1.1 (WMM Specification). Fujitsu, LG, and Philips are part of a licensing pool that purports to include patents that any manufacturer of 802.11 and WMM-compliant products must use. Of interest are the asserted claims from U.S. Patent No. 4,974,952 (the '952 patent), which were asserted by Philips. With respect to the '952 patent, the district court held that any product that complies with certain sections of the IEEE 802.11 Standard infringed the asserted claims of the '952 patent.

On appeal to the Federal Circuit, Netgear argued that a plaintiff should be required to separately accuse and prove infringement for all accused products, even if those products all comply with a standard that is relevant to the patent-in-suit. Likewise, Netgear argued that it is legally incorrect to compare claims to a standard rather than directly to accused products. Amicus Association of Corporate Counsel submitted a brief agreeing with Netgear's position. In particular, it argued that "it is dangerous to assess infringement based on a standard because the text of a standard may not be specific enough to ensure that all possible implementations infringe a patent claim." Further, it argued that many sections in industry standards are optional and that users may never activate a potentially infringing feature.

On the other hand, Philips argued that it is more efficient for courts to assess infringement based on industry standards, which can alleviate the need for highly technical fact-finding. Philips also argued that when a standard provides the necessary level of specificity, this saves judicial resources by not requiring the courts to separately consider products that all function in accordance with that standard.

Relying upon a prior decision in *Dynacore Holdings Corp. v. U.S. Philips Corp.*, 363 F.3d 1263 (Fed. Cir. 2004), the Federal Circuit held that it is entirely appropriate for a district court to rely on an industry standard in certain circumstances. In particular, the Federal Circuit held that if the reach of the claims includes all devices that practice a standard, then the standard itself can be sufficient for a finding of infringement. While the Federal Circuit agreed that claims should be compared to the accused product to determine infringement, it explained that if an accused product operates in accordance with a standard, then "comparing the claims to that standard is the same as comparing the claims to the accused product." The burden would fall upon an accused infringer to either prove that the claims do not cover all implementations of the standard or to prove that it does not practice the standard.

The *Fujitsu* decision raises interesting considerations for companies that regularly work with industry standards. These companies should consult with their patent attorneys to understand any potential impact of the *Fujitsu* decision.

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If you have any questions about this development, please feel free to contact any of the attorneys listed below or the Sutherland attorney with whom you regularly work.

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