

No. 05-1056

In the Supreme Court of the United States

MICROSOFT CORPORATION, PETITIONER

v.

AT&T CORP.

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

BRIEF FOR THE UNITED STATES AS AMICUS CURIAE

PAUL D. CLEMENT
*Solicitor General
Counsel of Record*

PETER D. KEISLER
Assistant Attorney General

THOMAS G. HUNGAR
Deputy Solicitor General

DARYL JOSEFFER
*Assistant to the Solicitor
General*

JAMES A. TOUPIN
General Counsel

JOHN M. WHEALAN
Solicitor

THOMAS W. KRAUSE
HEATHER F. AUYANG
*Associate Solicitors
United States Patent and
Trademark Office
Alexandria, VA 22313*

SCOTT R. MCINTOSH
MARK R. FREEMAN
*Attorneys
Department of Justice
Washington, D.C. 20530-0001
(202) 514-2217*

TABLE OF CONTENTS

Page

Statement 1

Discussion 7

 A. Software can be a component of a patented invention 7

 B. Transmitting one copy of software code from the United States is not tantamount to supplying from the United States the separate copies subsequently created overseas 10

 C. The Federal Circuit’s decision warrants review 17

Conclusion 20

TABLE OF AUTHORITIES

Cases:

Deepsouth Packing Co. v. Laitram Corp., 406 U.S. 518 (1972) *passim*

Diamond v. Diehr, 450 U.S. 175 (1981) 8

Dowagiac Mfg. Co. v. Minnesota Moline Plow Co., 235 U.S. 641 (1915) 16

Eolas Techs. Inc. v. Microsoft Corp., 399 F.3d 1325 (Fed. Cir.), cert. denied, 126 S. Ct. 568 (2005) ... 5, 9, 10

Erlenbaugh v. United States, 409 U.S. 239 (1972) 20

FDIC v. Meyer, 510 U.S. 471 (1994) 8

F. Hoffmann-La Roche Ltd. v. Empagran S.A., 542 U.S. 155 (2004) 17

Parker v. Flook, 437 U.S. 584 (1978) 8, 15

IV

Cases—Continued:	Page
<i>Pellegrini v. Analog Devices, Inc.</i> , 375 F.3d 1113 (Fed. Cir.), cert. denied, 543 U.S. 1003 (2004)	13, 16
<i>Sullivan v. Stroop</i> , 496 U.S. 478 (1990)	29
Statutes:	
Digital Millenium Copyright Act, 17 U.S.C. 1201 <i>et seq.</i>	15
35 U.S.C. 154(a)(1)	17
35 U.S.C. 271(a)	2, 10
35 U.S.C. 271(f)	<i>passim</i>
35 U.S.C. 271(f)(1)	10, 11, 19
35 U.S.C. 271(f)(2)	10, 11, 19
Miscellaneous:	
130 Cong. Rec. 28,073 (1984)	13
<i>Dictionary of Computing</i> (3d ed. 1990)	9
<i>Encyclopedia of Computer Science</i> (Anthony Ralston et al. eds., 4th ed. 2000)	9
Jon L. Jacobi, <i>How It Works: Hard Drives</i> (visited Sept. 20, 2006) < http://www.pcworld.com/ article/id,18693-page,2 >	9
S. 3818, 109th Cong., 2d Sess. (2006)	20
S. Rep. No. 663, 98th Cong., 2d Sess. (1984)	12
<i>The Random House Dictionary of the English Language</i> (2d ed. 1987)	8
Jeff Tyson & Dave Coustan, <i>How RAM Works</i> (visited Sept. 20, 2006) < http://computer. howstuffworks.com/ram.htm >	9

Miscellaneous—Continued:	Page
U.S. Pat. & Trademark Office, <i>Manual of Patent Examining Procedure</i> (8th ed. 2001)	8
<i>Webster's New International Dictionary of the English Language</i> (2d ed. 1958)	8

In the Supreme Court of the United States

No. 05-1056

MICROSOFT CORPORATION, PETITIONER

v.

AT&T CORP.

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

BRIEF FOR THE UNITED STATES AS AMICUS CURIAE

This brief is submitted in response to the order of this Court inviting the Solicitor General to express the views of the United States. In the view of the United States, the petition for a writ of certiorari should be granted.

STATEMENT

Respondent AT&T Corp. brought this patent infringement action against petitioner Microsoft Corp., alleging that computers loaded with petitioner's Windows[®] operating system infringe respondent's patent related to digitally recorded speech. After petitioner conceded liability as to Windows-based computers manufactured and sold in the United States, the district court held that petitioner was also liable for Windows-based computers manufactured and sold *outside* the United States. The Federal Circuit affirmed.

1. "[W]hoever without authority makes * * * within the United States * * * any patented invention," is generally liable for patent infringement. 35 U.S.C. 271(a). In

2. United States Reissue Patent No. 32,580 (the '580 patent) claims an apparatus for digitally encoding and compressing recorded speech. Respondent brought this action against petitioner in the United States District Court for the Southern District of New York, contending that computers loaded with copies of petitioner's flagship product, the Windows operating system, infringe the '580 patent because Windows incorporates software code for encoding and compressing speech in the manner claimed by the '580 patent. Before Windows has been installed, neither the Windows software nor the computers infringe the '580 patent, standing alone; instead, the patent is infringed by a computer loaded with the Windows software such that it is capable of performing as the patented speech processor. The parties eventually entered into a stipulated judgment in which petitioner conceded that the '580 patent was valid, enforceable, and infringed. See Pet. App. 3a-4a.

The only issue on which the parties failed to reach agreement was petitioner's alleged liability under 35 U.S.C. 271(f) for Windows-based computers manufactured and sold overseas. The relevant facts on that point are undisputed. Petitioner conceives, writes, compiles, tests, and debugs its Windows operating system software in the United States. It then provides the operating system to foreign computer manufacturers in one of several ways. First, petitioner creates a limited number of "golden master disks" on which it stores the machine-readable binary object code for the Windows operating system.¹ In some cases, petitioner ships those golden master disks to foreign

¹ Software in the form in which it is written and understood by humans is called "source code." To be functional, however, software must be converted (or "compiled") into the binary ones and zeros understood by computers. The resulting machine-readable version of software is called "object code." See Pet. App. 22a n.5.

computer manufacturers, who replicate the object code on the master disks to create separate copies of the code and install those copies on the computers they assemble. In other instances, petitioner ships golden master disks to authorized foreign replicators, who make copies of the object code and ship those copies to foreign computer manufacturers for installation on their computers. Alternatively, petitioner sometimes provides the Windows object code to foreign computer manufacturers and replicators via encrypted electronic transmission. The transmitted code is then decrypted and copied, and the copies are installed on foreign computer products. Pet. App. 45a-46a.

In each case, the computer hardware is manufactured overseas; the Windows operating system is installed overseas from copies of the object code that were created overseas; and the completed systems are sold overseas to overseas end-users. Pet. App. 45a-46a. A golden master disk is “never installed on a computer that is then sold.” *Id.* at 45a.

3. After acknowledging that the Section 271(f) issue in this case has “profound ramifications for [petitioner] and other United States software manufacturers,” Pet. App. 22a, the district court held petitioner liable for all foreign sales of Windows-based computers, *id.* at 21a-38a. The court held that software can be a “component” for purposes of Section 271(f) because it is “well-established” in other contexts that “software can be a component of a patented invention,” *id.* at 30a, and “there is no limitation of the term ‘components,’ either in the statutory text or in the legislative history, to machines or other structural combinations,” *id.* at 31a. The court also held that copies of the object code replicated overseas are supplied from the United States because “the object code is originally manufactured in the United States, and supplied from the United States to for-

