

Application of the Joinder Clause under the America Invents Act in the Context of
Mobile Phone Technology

Ping-Hsun Chen

Assistant Professor

Graduate Institute of Technology, Innovation and Intellectual Property Management,
National Chengchi University
Email: cstr@mail.ntut.edu.tw

Abstract

Before 35 U.S.C. § 299 was enacted, some minority district courts had permitted joinder of independent defendants only because they infringe the same patents. That gave a great incentive to non-practicing entities to sue as many defendants as possible in one suit. To resolve this problem, Congress created § 299(b) to abrogate the minority view of joinder. The Federal Circuit in *In re EMC Corp.* also created a test requiring finding of “an actual link between the facts underlying each claim of infringement.” The Federal Circuit provides six *EMC* factors for lower courts to determine permissive joinder. The Eastern District of Texas relies primarily on “the use of identically sourced parts” to find joinder, while other district courts have denied joinder of direct competitors. Particularly, in mobile phone technology cases, the Eastern District of Texas has permitted joinder only because the same hardware component is used, while other courts may find misjoinder only because mobile devices of one manufacturer’s operational system are not the same as mobile devices of another manufacturer’s operational system.

Keywords: United States patent law, joinder of parties, patent law amendment of 2011, America Invents Act, non-practicing entity

I. Introduction

On September 16, 2011, the Leahy-Smith America Invents Act (“AIA”) became effective after President Obama signed the bill.¹ Among those important tasks was how to minimize the negative effect caused by patent enforcement on small businesses.² In recent years, small businesses in the United States have suffered from

¹ See Tracie L. Bryant, Note, *The America Invents Act: Slaying Trolls, Limiting Joinder*, 25 HARV. J.L. & TECH. 673, 694 (2012).

² See Adam Smith, Notes, *Patent Trolls-An Overview of Proposed Legislation and a Solution That Benefits Small Businesses and Entrepreneurs*, 9 OHIO ST. ENTREPRENEURIAL BUS. L.J. 201, 208-09 (2014).

frivolous patent litigation brought by non-practicing entities (“NPEs”), usually an entity which buys patents and does not sell products or make innovation.³ This phenomenon results partially from the practice of Rule 20 of Federal Rules of Civil Procedure (“Rule 20”) in some jurisdictions.⁴

Rule 20(a)(2) provides,

Persons ... may be joined in one action as defendants if:

- (A) any right to relief is asserted against them jointly, severally, or in the alternative with respect to or arising out of the same transaction, occurrence, or series of transactions or occurrences; and
- (B) any question of law or fact common to all defendants will arise in the action.⁵

To sue different defendants jointly, a plaintiff has to plead some facts supporting a two-prong test under Rules 20(a)(2)(A) and 20(a)(2)(B).⁶ In the patent context, a minority of district courts have applied Rule 20 to consolidate different patent cases only because the same patent is infringed.⁷ As a result, NPEs are more likely to file a complaint against irrelevant infringers in those minority courts.⁸

To solve the problem, AIA § 19(d) adds 35 U.S.C. § 299. Basically, the new statute is similar to Rule 20. 35 U.S.C. § 299(a) provides,

With respect to any civil action arising under any Act of Congress relating to patents, other than an action or trial in which an act of infringement under section 271 (e)(2) has been pled, parties that are accused infringers may be joined in one action as defendants or counterclaim defendants, or have their actions consolidated for trial, *only* if—

- (1) any right to relief is asserted against the parties jointly, severally, or in the alternative with respect to or arising out of the same transaction, occurrence, or series of transactions or occurrences *relating to the making, using, importing into the United States, offering for sale, or selling of the same*

³ See David O. Taylor, *Patent Misjoinder*, 88 N.Y.U. L. REV. 652, 660 (2013) (describing patent trolls).

⁴ See *id.* at 656.

⁵ FED. R. CIV. P. 20(a)(2).

⁶ See *Acevedo v. Allsup’s Convenience Stores, Inc.*, 600 F.3d 516, 521 (5th Cir. 2010) (“Courts have described Rule 20 as creating a two-prong test, allowing joinder of plaintiffs when (1) their claims arise out of the ‘same transaction, occurrence, or series of transactions or occurrences’ and when (2) there is at least one common question of law or fact linking all claims.” (citations omitted)).

⁷ See Xun (Michael) Liu, Note, *Joinder under the AIA: Shifting Non-Practicing Entity Patent Assertions Away from Small Businesses*, 19 MICH. TELECOMM. & TECH. L. REV. 489, 503 (2013) (describing the minority view of Rule 20).

⁸ See Dongbiao Shen, *Misjoinder or Mishap? The Consequences of the AIA Joinder Provision*, 29 BERKELEY TECH. L.J. 545, 551-52 (2014).

- accused product or process*; and
- (2) questions of fact common to all defendants or counterclaim defendants will arise in the action.⁹

In addition, § 299(b) mandates that multiple defendants cannot be joined in the same case only because they infringe the same patent(s). § 299(b) provides, “For purposes of this subsection, accused infringers may not be joined in one action as defendants or counterclaim defendants, or have their actions consolidated for trial, based *solely* on allegations that they each have infringed the patent or patents in suit.”¹⁰ Therefore, § 299(b) limits the traditional practice of Rule 20 in some minority district courts.

AIA § 19 (now 35 U.S.C. § 299) became effective right after President Obama signed the bill. But, not all pending cases or newly-filed cases are subject to the new joinder clause. Under AIA § 19(e), 35 U.S.C. § 299 “shall apply to any civil action commenced *on or after* the date of the enactment of [the AIA].”¹¹ Thus, the joinder clause is not retroactive, and only cases filed on or after September 16, 2011 are governed by 35 U.S.C. § 299.¹²

The legislative history of § 299 shows that Congress intended to abrogate some district court decisions which permit joinder of different defendants only because they infringe the same patent(s).¹³ *MyMail, Ltd. v. America Online, Inc.*¹⁴ held by the Eastern District of Texas in 2004 was the beginning of the minority view.¹⁵ The *MyMail* court developed a proposition that “severance could be appropriate if the defendants’ methods or products were *dramatically different*.”¹⁶ Because of no evidence showing any dramatic differences between the accused methods or products, the *MyMail* court permitted joinder.¹⁷ Following *MyMail, Ltd.*, the Eastern District of

⁹ 35 U.S.C. § 299(a) (emphasis added).

¹⁰ 35 U.S.C. § 299(b) (emphasis added).

¹¹ AIA § 19(e) (emphasis added).

¹² See *In re EMC Corp.*, 677 F.3d 1351, 1356 (Fed. Cir. 2012) (explaining why 35 U.S.C. § 299 is not retroactive and holding that “[t]he timing of this petition means that our decision will only govern a number of cases that were filed before the passage of the new joinder provision”).

¹³ See H.R. Rep. No. 112-98, pt.1, at 55 n.61 (“Section 299 legislatively abrogates the construction of Rule 20(a) adopted in *MyMail, Ltd. v. America Online, Inc.*, 223 F.R.D. 455 (E.D. Tex. 2004); *Sprint Communications Co. v. TheGlobe.com, Inc.*, 233 F.R.D. 615 (D. Kan. 2006); *Adrain v. Genetec Inc.*, 2009 WL3063414 (E.D. Tex. September 22, 2009); *Better Educ. Inc. v. Einstruction Corp.*, 2010 WL 918307 (E.D. Tex. March 10, 2010); *Mannatech, Inc. v. Country Life, LLC*, 2010 WL 2944574 (N.D. Tex. July 26, 2010); *Alford Safety Services, Inc., v. Hot-Hed, Inc.*, 2010 WL 3418233 (E.D. La. August 24, 2010); and *Eolas Technologies, Inc. v. Adobe Systems, Inc.*, 2010 WL 3835762 (E.D. Tex. September 28, 2010).”).

¹⁴ *MyMail, Ltd. v. America Online, Inc.*, 223 F.R.D. 455 (E.D. Tex. 2004).

¹⁵ See Taylor, *supra* note 3, at 678-79 (“On one end of the spectrum lie decisions that allowed practically unlimited joinder of accused infringers. The leading opinion on this end of the spectrum is *MyMail, Ltd. v. America Online, Inc.*, authored by Judge Leonard Davis of the Eastern District of Texas.”).

¹⁶ *MyMail, Ltd.*, 223 F.R.D. at 457 (emphasis added).

¹⁷ See *id.* at 457-58.

Texas began to permit joinder only because the same patents were infringed.¹⁸

Even after the enactment of § 299, the Eastern District of Texas still followed its traditional minority view because the cases were filed prior to the effective date of § 299.¹⁹ Only after *In re EMC Corp.*,²⁰ a 2012 Federal Circuit case holding that merely infringing the same patent does not support joinder under Rule 20,²¹ the Eastern District of Texas started to change its attitude.²² For example, in *Norman IP Holdings, LLC v. Lexmark Int'l, Inc.*,²³ the Eastern District of Texas applied *EMC* and held, “That the accused products or processes of the defendants are similar is not enough [to support joinder].”²⁴

The Federal Circuit in *EMC Corp.* primarily interpreted Rule 20(a)(2)(A) in the context of patent infringement²⁵ because the case was not subject to the application of the AIA’s joinder clause.²⁶ In addition, the Federal Circuit briefly addresses the “the same accused product or process” requirement under 35 U.S.C. § 299. Since then, the Federal Circuit has never interpreted § 299. Consequently, the *EMC* decision has guided district courts to determine whether misjoinder exists under § 299.²⁷

One government survey has shown the increase of the number of patent law suits in 2011.²⁸ This phenomenon may reflect an expectation that § 299 will restrict the possibility of permissive joinder, so some NPEs have decided to change their strategies by filing different law suits against multiple defendants. But, the question is whether district courts apply § 299 in a way expected by Congress.

This article is intended to estimate how 35 U.S.C. § 299 should be applied to the

¹⁸ See Bryant, *supra* note 1, at 698.

¹⁹ See, e.g., *Ganas, LLC v. Sabre Holdings Corp.*, No. 2:10-CV-320-DF, 2011 WL 8183246, at *8 (E.D. Tex. Oct. 19, 2011) (adopting *MyMail, Ltd. v. America Online, Inc.*, 223 F.R.D. 455 (E.D. Tex. 2004) because the AIA’s joinder clause is not retroactive); *Imperium (IP) Holdings, Inc. v. Apple Inc.*, 2012 WL 461775, at *3 (E.D. Tex. Jan. 20, 2012) (applying *Eolas Tech., Inc. v. Adobe Sys., Inc.*, No. 6:09-CV-446, 2010 WL 3835762 (E.D. Tex. Sept. 28, 2010)).

²⁰ *In re EMC Corp.*, 677 F.3d 1351 (Fed. Cir. 2012).

²¹ See *id.* at 1357.

²² See, e.g., *Phoenix Licensing, LLC v. Aetna, Inc.*, No. 2:11-CV-285-JRG, 2012 WL 3472973 (E.D. Tex. Aug. 15, 2012); *Oasis Research, LLC v. Carbonite, Inc.*, No. 4:10-CV-435, 2012 WL 3544881 (E.D. Tex. Aug. 15, 2012); *Norman IP Holdings, LLC v. Lexmark Int'l, Inc.*, No. 6:11-CV-495, 6:12CV508, 2012 WL 3307942 (E.D. Tex. Aug. 10, 2012).

²³ *Norman IP Holdings, LLC v. Lexmark Int'l, Inc.*, No. 6:11-CV-495, 6:12CV508, 2012 WL 3307942 (E.D. Tex. Aug. 10, 2012) (applying Rule 20 to a pre-AIA law suit).

²⁴ *Lexmark Int'l, Inc.*, 2012 WL 3307942, at *2.

²⁵ See *EMC Corp.*, 677 F.3d at 1355-60.

²⁶ See George D. Medlock Jr. & David Frist, *Joinder: Over a Year after the America Invents Act*, 5 No. 4 LANDSLIDE 44, 44 (2013).

²⁷ See Shen, *supra* note 8, at 575-76.

²⁸ See U.S. GOV’T ACCOUNTABILITY OFFICE, ASSESSING FACTORS THAT AFFECT PATENT INFRINGEMENT LITIGATION COULD HELP IMPROVE PATENT QUALITY 14-15 (2013), available at <http://www.gao.gov/assets/660/657103.pdf>; see also *Lighting Ballast Control LLC v. Philips Electronics N. Am. Corp.*, 744 F.3d 1272, 1293 (Fed. Cir. 2014) (“This problem might increasingly exist in light of the AIA’s limits on the number of accused infringers that can be joined as defendants in one lawsuit, thereby creating the possibility of more lawsuits on the same patent, and more inconsistency, than existed in the past.”).

cases related to mobile phone technology. Part II discusses the interpretation and application of 35 U.S.C. § 299. This part analyzes *EMC* and its implications on § 299. District court decisions are also reviewed. Part III focuses on the context of mobile phone technology to show the inconsistency among district courts with respect to permissive joinder.

II. Interpretation and Application of 35 U.S.C. § 299

A. In re EMC Corp. and Interpretation of Rule 20

The Federal Circuit in *EMC* primarily interpreted Rule 20(a)(2)(A) and provided several aspects of Rule 20. First, there are two requirements under Rule 20 for proper joinder: “(1) the claims against them must be asserted ‘with respect to or arising out of the same transaction, occurrence, or series of transactions or occurrences,’ and (2) there must be a ‘question of law or fact common to all defendants.’”²⁹ Because of the phrase “series of transactions or occurrences” in Rule 20(a)(2)(A), the court recognized that “a single transaction is not necessary.”³⁰

Second, there are two categories of possible situations where joinder is proper. In the first category, “defendants are alleged to be jointly liable.”³¹ In the second category, “any right to relief is asserted against [defendants] jointly, *severally*, or *in the alternative*.”³²

Third, Rule 20 permits joinder of independent defendants “as long as their actions are part of the ‘same transaction, occurrence, or series of transactions or occurrences.’”³³ The ultimate question is “under what circumstances is the joinder of independent actors permissible under Rule 20.”³⁴

To resolve the question, the Federal Circuit twisted the transaction-or-occurrence requirement and the requirement of a common question of law or fact by stating that “Rule 20 makes clear that the existence of a single common question of law or fact alone is insufficient to satisfy the transaction-or-occurrence requirement.”³⁵ The Federal Circuit further held that “the mere fact that infringement of the same claims of the same patent is alleged does not support joinder, even though the claims would raise common questions of claim construction and patent invalidity.”³⁶ This statement completely overrules the minority view of joinder.³⁷

²⁹ *EMC Corp.*, 677 F.3d at 1356.

³⁰ *Id.*

³¹ *Id.*

³² *Id.* (emphasis original).

³³ *Id.*

³⁴ *Id.* at 1357.

³⁵ *Id.*

³⁶ *Id.*

³⁷ See Dianne Brown Elderkin & Domingo Manuel LLagostera, *Case Management Issues in Patent Infringement Litigation*, 13 SEDONA CONF. J. 77, 86 (2012).

Based on the case law from the Supreme Court and other circuit courts,³⁸ the Federal Circuit concluded that joinder of independent defendants may be proper “when there is a *logical relationship* between the separate causes of action.”³⁹ There are two aspects of the logical relationship test. First, “there is substantial evidentiary overlap in the facts giving rise to the cause of action against each defendant.”⁴⁰ Second, “the defendants’ allegedly infringing acts, which give rise to the individual claims of infringement, must share an aggregate of operative facts.”⁴¹

To further apply the logical relationship test in the context of patent infringement, the Federal Circuit transformed the transaction-or-occurrence requirement into a two-part test for determining whether joinder of independent defendants is appropriate under Rule 20 in patent litigation.

Under the two-part test, the first question is whether “the accused products or processes are the same in respects relevant to the patent.”⁴² This sameness test mandates a district court to find that “joinder [of independent defendants] is not appropriate where *different* products or processes are involved.”⁴³ If the sameness test is passed, then the second question is whether “the facts underlying the claim of infringement asserted against each defendant share an aggregate of operative facts.”⁴⁴ To satisfy the transaction-or-occurrence test, a patentee is required to show “shared, overlapping facts that give rise to each cause of action, and not just distinct, albeit coincidentally identical, facts.”⁴⁵ Alternatively, a patentee must prove that “there is an actual link between the facts underlying each claim of infringement.”⁴⁶

To determine the transaction-or-occurrence test, the Federal Circuit required district courts to consider six factual factors (“*EMC* factors”) including: (1) “whether the alleged acts of infringement occurred during the same time period,” (2) “the existence of some relationship among the defendants,” (3) “the use of identically sourced components,” (4) “licensing or technology agreements between the defendants,” (5) “overlap of the products’ or processes’ development and manufacture,” and (6) “whether the case involves a claim for lost profits.”⁴⁷ But, each factor is not dispositive. The transaction-or-occurrence test is a flexible test because “the district court enjoys considerable discretion in weighing the relevant factors.”⁴⁸

³⁸ See *EMC Corp.*, 677 F.3d at 1357-58.

³⁹ *Id.* at 1358 (emphasis added).

⁴⁰ *Id.* (emphasis added).

⁴¹ *Id.* (emphasis added).

⁴² *Id.* at 1359.

⁴³ *Id.* (emphasis added).

⁴⁴ *Id.*

⁴⁵ *Id.*

⁴⁶ *Id.*

⁴⁷ *Id.* at 1359-60.

⁴⁸ *Id.* at 1360.

B. 35 U.S.C. § 299 and *In re EMC Corp.*

The *EMC* decision helps predict how the Federal Circuit may interpret § 299 because of the similarity between § 299(a) and Rule 20(a)(2). The language of § 299(a) specifically links the transaction-or-occurrence requirement of Rule 20(a)(2) to patent infringement under 35 U.S.C. § 271(a).⁴⁹ In 2013, the Federal Circuit in *In re Nintendo Co.*⁵⁰ noted that “[t]he AIA’s joinder provision is more stringent than Rule 20, and adds a requirement that the transaction or occurrence must relate to making, using, or selling of the same accused product or process.”⁵¹ Therefore, the interpretation of § 299(a) should include the requirements under Rule 20(a)(2).

While not directly providing clear guidance on the interplay between Rule 20 and § 299, the Federal Circuit imposed a limitation on the applicability of the *EMC* decision to the interpretation of § 299. In footnote 4 of the *EMC* decision, the Federal Circuit cautioned that the decision does “not decide today whether the new joinder provision at 35 U.S.C. § 299 changes the test for joinder of defendants in patent infringement actions.”⁵² Therefore, the Federal Circuit declared that it is not bound by the *EMC* decision when interpreting § 299.⁵³

In footnote 4, the Federal Circuit also mentioned that “[t]he new statute only allows joinder of independent defendants whose acts of infringement involve ‘the same accused product or process.’”⁵⁴ The question left was what “same” means. The Federal Circuit in *EMC* established a two-part test which first asks whether “the accused products or processes are the same in respects relevant to the patent.”⁵⁵ But, the Federal Circuit refused to “decide whether the sameness test in the new legislation is identical to the sameness test we adopt here for cases not covered by the new legislation.”⁵⁶ Thus, the question remains.

Not only is the sameness test under § 299 not predictable, but the sameness test under *EMC* is also ambiguous. Every product is to some extent different from another product even though they are under the same product name. The standard of “same in respects relevant to the patent” does not help because the *EMC* decision does not clarify in what relevant respect accused products or processes are the same. But, there may be some clue in an exclusionary way.

⁴⁹ See 35 U.S.C. § 271(a) (“Except as otherwise provided in this title, whoever without authority makes, uses, offers to sell, or sells any patented invention, within the United States or imports into the United States any patented invention during the term of the patent therefor, infringes the patent.”); see also EDWARD D. MANZO, *THE AMERICA INVENTS ACT: A GUIDE TO PATENT LITIGATION AND PATENT PROCEDURE* 181 (Thomson Reuters 2013).

⁵⁰ *In re Nintendo Co.*, 544 F. App’x 934 (Fed. Cir. 2013).

⁵¹ *Id.* at 939.

⁵² *EMC Corp.*, 677 F.3d at 1360 n.4.

⁵³ See *id.* (“[O]ur approach to the new provision is not dictated by this case.”).

⁵⁴ *Id.* (emphasis original) (quoting 35 U.S.C. § 299(a)(1)).

⁵⁵ *Id.* at 1359.

⁵⁶ *Id.* at 1360 n.4.

Under the *EMC* sameness test, merely infringing the same patent claims may not be sufficient because the *EMC* decision has rejected the “not dramatically different” standard adopted by the Eastern District of Texas.⁵⁷ Under the “not dramatically different” standard, accused products or processes are the same if “some similarity in the allegedly infringing products or processes” exists.⁵⁸ “Similarity” can be established simply because accused products or processes are alleged to infringe the same patent claims.⁵⁹ For instance, as the Federal Circuit in *EMC* has noticed,⁶⁰ in *Oasis Research, LLC v. Adrive, LLC*,⁶¹ the Eastern District of Texas found that the joinder is appropriate because “each Defendant offers an online backup/storage service to its customers that allegedly infringe Plaintiff’s patents.”⁶² Although *Oasis Research* is a pre-AIA case applying Rule 20, the Federal Circuit’s refusal to the *Oasis Research* approach indicates that accused products or processes alleged to merely infringe the same patent claims are unlikely to be found the same under § 299. Furthermore, § 299(b) provides, “For purposes of this subsection, accused infringers may not be joined in one action as defendants or counterclaim defendants, or have their actions consolidated for trial, based *solely* on allegations that they each have infringed the patent or patents in suit.”⁶³ Therefore, the sameness test under § 299 may require more than merely infringing the same patent claims.

Because of the nature of patent infringement, accused products or processes alleged to infringe the same patent claims alone do not mean that they are the same products or processes. Under 35 U.S.C. §271(a), a patent may be infringed literally⁶⁴ or under the doctrine of equivalents (“DOE”).⁶⁵ On one hand, claim language can be broad enough to cover different products or processes. For example, if a claim uses “metal,” the term can cover copper, silver, and gold. But, products of different metals may be different in some aspect. For example, a semiconductor chip using aluminum as metal lines is different from that using copper because the latter offers better

⁵⁷ See *id.* at 1359.

⁵⁸ *Id.*

⁵⁹ See *id.* (citing *Oasis Research, LLC v. Adrive, LLC*, No. 4:10–CV–435, 2011 WL 3099885, at *2 (E.D. Tex. May 23, 2011) (“[S]imilarity [sic] would exist simply because the same patent claims are alleged to be infringed.”).

⁶⁰ See *id.* (quoting *Oasis Research, LLC*, 2011 WL 3099885, at *2).

⁶¹ *Oasis Research, LLC v. Adrive, LLC*, No. 4:10–CV–435, 2011 WL 3099885 (E.D. Tex. May 23, 2011).

⁶² *Id.* at *2. But, such finding actually relates to the “transaction or occurrence” requirement. See *Oasis Research, LLC*, 2011 WL 3099885, at *2 (“The similarity of Defendants’ products is sufficient to satisfy the same transaction or occurrence prong.”).

⁶³ 35 U.S.C. § 299(b).

⁶⁴ See *DeMarini Sports v. Worth*, 239 F.3d 1314, 1331 (Fed. Cir. 2001) (“Literal infringement of a claim occurs when every limitation recited in the claim appears in the accused device, i.e., when ‘the properly construed claim reads on the accused device exactly.’”).

⁶⁵ See B. Thomas Watson, *Carbons into Bytes: Patented Chemical Compound Protection in the Virtual World*, 12 DUKE L. & TECH. REV. 25, 29–30 (2014).

energy efficiency.⁶⁶ On the other hand, when DOE is applied, at least one element of the claim cannot read on the accused product or process.⁶⁷ To establish DOE, the accused product or process must have an equivalent which is insubstantially different from the missing element.⁶⁸ “Equivalency” can also be found if the asserted equivalent plays substantially the same function in substantially the same way to reach substantially the same result as the missing element does.⁶⁹ The application of DOE indicates that each accused product or process is literally different from the patented invention on at least one element. So, it is possible that accused products or processes may have different equivalents with respect to the same missing element or different missing elements. These accused products or processes may be considered different because they have different equivalents.

The “transaction or occurrence” requirement under § 299 may be determined in view of the same accused product or process. The question is how this requirement interacts with the *EMC* decision and Rule 20. District courts have recognized 35 U.S.C. § 299 as governing law for misjoinder. Most of district courts have applied § 299 in light of the *EMC* decision. For example, the Southern District of Mississippi in *MGT Gaming, Inc. v. WMS Gaming, Inc.*⁷⁰ has even recognized that 35 U.S.C. § 299 preserves the transaction-or-occurrence requirement under Rule 20.⁷¹ Therefore, it is necessary to examine district court decisions.

C. Approaches of the Majority of District Courts

The sameness test is not a significant requirement because most of district courts always address issues under the transaction-or-occurrence test.⁷² One exception is

⁶⁶ See ANNABELLE PRATT, OVERVIEW OF THE USE OF COPPER INTERCONNECTS IN THE SEMICONDUCTOR INDUSTRY 1-2 (Advanced Energy Industries, Inc. 2004), available at http://www.advanced-energy.com/upload/File/White_Papers/SL-ELECTROPLATING-270-01.pdf (last visited Dec. 27, 2014).

⁶⁷ See *Epos Techs. Ltd. v. Pegasus Techs. Ltd.*, 766 F.3d 1338, 1348 (Fed. Cir. 2014)

⁶⁸ See *id.* (“When addressing the doctrine of equivalents, a court must ask whether an asserted equivalent is an ‘insubstantial difference’ from the claimed element, or whether it matches the ‘function, way, and result of the claimed element.’”).

⁶⁹ See *EMD Millipore Corp. v. AllPure Techs., Inc.*, 768 F.3d 1196, 1202 (Fed. Cir. 2014) (“Even without literal infringement of a certain claim limitation, a patentee may establish infringement under the doctrine of equivalents if an element of the accused device ‘performs substantially the same function in substantially the same way to obtain the same result as the claim limitation.’”).

⁷⁰ *MGT Gaming, Inc. v. WMS Gaming, Inc.*, 978 F. Supp. 2d 647 (S.D. Miss. 2013).

⁷¹ See *id.* at 661 (“Section 299 of the AIA has preserved the requirement in Rule 20 that the claims against the parties must arise out of the ‘same transaction or occurrence.’”).

⁷² See, e.g., *IpVenture, Inc. v. Acer, Inc.*, 879 F. Supp. 2d 426, 430 (D. Del. 2012) (“The fact that computers generally have the same components and the same functionalities does not mean that they are ‘the same in respects relevant to the patent.’”); *Mednovus, Inc. v. QinetiQ Group PLC*, No. 2:12-cv-03487-ODW(JCx), 2012 WL 4513539, at *2-*3 (C.D. Cal. Oct. 1, 2012) (“Plaintiffs’ allegations that each Defendant infringed on a different set of products fails § 299(a)(1)’s requirement.”).

Summit 6 LLC v. HTC Corp.,⁷³ where the Northern District of Texas found misjoinder simply because iOS-based mobile phones are not the same products of Android-based mobile phones.⁷⁴

The transaction-or-occurrence test developed by the majority of district courts can be generally categorized into two scenarios: competitor scenario and upstream-and-downstream scenario.⁷⁵ The competitor scenario means that independent defendants are competitors. The upstream-and-downstream scenario means that independent defendants are composed of upstream manufacturers and downstream clients (e.g., users, retailers, resellers, distributors).

1. Competitor Scenario

In the competitor scenario, district courts have found misjoinder of competitor defendants. “Direct competitors” are unlikely to be jointly sued as defendants⁷⁶ primarily because it is unlikely to find “the facts underlying the claim of infringement asserted against each defendant share an aggregate of operative facts.” In those misjoinder decisions, the competitor relationship between the defendants is the key factual concern.

⁷³ *Summit 6 LLC v. HTC Corp.*, No. 7:14-cv-0014-O, 2014 WL 4449821 (N.D. Tex. Sept. 10, 2014).

⁷⁴ *See id.* at *16.

⁷⁵ *See, e.g., Omega Patents, LLC v. Skypatrol, LLC*, No. 1:11-cv-24201-KMM, 2012 WL 2339320, at *1-*2 (S.D. Fla. June 19, 2012); *IpVenture, Inc. v. Acer, Inc.*, 879 F. Supp. 2d 426, 429-30 (D. Del. 2012); *Motorola Mobility, Inc. v. Apple Inc.*, Nos. 1:10-CV-23580-RNS, 1:12-CV-20271-RNS, 2012 WL 3113932, at *2 (S.D. Fla. Jul 31, 2012); *Net Nav. Sys., LLC v. Cisco Sys., Inc.*, No. 4:11-CV-660, 2012 WL 7827543, at *2-*3 (E.D. Tex. Aug. 22, 2012); *Golden Bridge Tech., Inc. v. Apple, Inc.*, No. 2:12-cv-4014, 2012 WL 3999854, at *1-*3 (C.D. Cal. Sept. 11, 2012); *Digitech Image Techs., LLC v. Agfaphoto Holding GmbH*, No. 8:12-CV-1153-ODW, 2012 WL 4513805, at *1-*4 (C.D. Cal. Oct. 1, 2012); *Mednovus, Inc. v. QinetiQ Group PLC*, No. 2:12-cv-03487-ODW(JCx), 2012 WL 4513539, at *1-*3 (C.D. Cal. Oct. 1, 2012); *MGT Gaming, Inc. v. WMS Gaming, Inc.*, 978 F. Supp. 2d 647, 657-63 (S.D. Miss. 2013); *NFC Tech., LLC v. HTC Am., No. 2:13-CV-01058-JRG*, 2014 WL 3834959, at *1-*2 (E.D. Tex. Aug. 1, 2014); *Star CoLED Techs., LLC v. Sharp Corp.*, No. 2:13-CV-416-JRG, 2014 WL 1998051, at *1-*3 (E.D. Tex. May 15, 2014); *Richmond v. Lumisol Elec. Ltd.*, Nos. 13-1944 (MLC), 13-1949(MLC), 13-1950(MLC), 13-1951(MLC), 13-1952(MLC), 13-1953(MLC), 13-1954(MLC), 13-1957(MLC), 13-1958(MLC), 13-1959(MLC), 13-1960(MLC), 13-2916(MLC), 2014 WL 1716447, at *1-*6 (D.N.J. Apr. 30, 2014) (reversing *Richmond v. Lumisol Elec., Ltd.*, Nos. CIV.A. 13-1944 MLC, CIV.A. 13-1951 MLC, CIV.A. 13-1953 MLC, CIV.A. 13-1954 MLC, CIV.A. 13-1959 MLC, 2014 WL 457661 (D.N.J. Feb. 4, 2014); *Pipeline Techs. Inc. v. Telog Instruments Inc.*, No. CV-13-02104-PHX-SPL, 2014 WL 5241719, at *1-*3 (D. Ariz. Oct. 15, 2014); *Broadband iTV, Inc. v. Hawaiian Telcom, Inc.*, No. CIV. 14-00169 ACK, 2014 WL 5580967, at *5-*8 (D.Hawai'i Oct. 30, 2014).

⁷⁶ *See, e.g., IpVenture, Inc.*, 879 F. Supp. 2d at 430 (“They are all direct competitors, which also significantly counsels against their joinder in the same case.”); *Motorola Mobility, Inc.*, 2012 WL 3113932, at *4 (“Moreover, HTC and Motorola are competitors, not collaborators, in the smartphone market.”); *Golden Bridge Tech., Inc.*, 2012 WL 3999854, at *3 (“Defendants are unrelated competitors that design, manufacture, and sell smartphones and other datacommunication devices.”); *MGT Gaming*, 978 F. Supp. 2d at 660 (“As direct competitors with different casino clients, WMS and Aruze’s products never involve the same stream of commerce.”); *Broadband iTV, Inc.*, 2014 WL 5580967, at *7 (“Additionally, since TWC and HTI are competitors in the cable TV market, joinder may be inappropriate in this case given that ‘sensitive and confidential information’ is ‘likely [to] be revealed in discovery in this matter.’”).

A plaintiff must assert some link among different claims against different competitor defendants. A common approach is to assert some facts supporting the third *EMC* factor (the use of identically sourced components) or fourth *EMC* factor (licensing or technology agreements between the defendants). But, those misjoinder cases demonstrate that these two *EMC* factors are weak factors.

In three 2012 cases, each plaintiff tried to assert some similarity among the defendants' products. In *IpVenture, Inc. v. Acer, Inc.*,⁷⁷ the plaintiff based joinder on the allegation that different accused products use the same components and comply with the same industrial standard.⁷⁸ But, the District of Delaware held that the allegation alone is not enough to support joinder.⁷⁹ The plaintiff failed to allege any "connection between the industrial standard and alleged infringement."⁸⁰ The court also considered that the defendants are all direct competitors, which was recognized by the court as a factor "significantly counsels against their joinder in the same case."⁸¹ Thus, the court held that the infringement claims against the defendants' products do not share an aggregate of operative facts.⁸²

In *Motorola Mobility, Inc. v. Apple Inc.*,⁸³ the plaintiff asserted that the defendants hold a membership of the Open Handset Alliance ("OHA") that is a form of joint development of the Android software.⁸⁴ The Southern District of Florida followed a pre-AIA decision of the Northern District of Illinois⁸⁵ which held, "Simply being a member of an industry organization does not indicate that Defendants have jointly designed, developed, manufactured, marketed, or sold their Accused Products."⁸⁶ Because the OHA was found to be merely an organization promoting products and services based on the Android system,⁸⁷ the Southern District of Florida held that the connection based on the OHA is "too tenuous."⁸⁸ The court even found that the defendants are "competitors in the smartphone industry and produce different smartphones that run on at least somewhat modified Android

⁷⁷ *IpVenture, Inc. v. Acer, Inc.*, 879 F. Supp. 2d 426 (D. Del. 2012).

⁷⁸ *See id.* at 430.

⁷⁹ *See id.*

⁸⁰ *Id.*

⁸¹ *Id.*

⁸² *See id.* The *IpVenture* plaintiff's approach focuses on the third *EMC* factor: "the use of identically sourced components." *See id.* But, the District of Delaware did not discuss the third *EMC* factor in the reasoning. *See id.*

⁸³ *Motorola Mobility, Inc. v. Apple Inc.*, Nos. 1:10-CV-23580-RNS, 1:12-CV-20271-RNS, 2012 WL 3113932 (S.D. Fla. Jul 31, 2012).

⁸⁴ *See id.* at *4.

⁸⁵ *Body Science LLC v. Boston Scientific Corp.*, 846 F. Supp. 2d 980 (N.D. Ill. 2012) (applying Rule 20 to the pre-AIA law suit).

⁸⁶ *Body Science LLC*, 846 F. Supp. 2d at 989; *see also Motorola Mobility, Inc.*, 2012 WL 3113932, at *4.

⁸⁷ *See Motorola Mobility, Inc.*, 2012 WL 3113932, at *4.

⁸⁸ *See id.*

software.”⁸⁹ Eventually, the court held that the plaintiff does not satisfy the AIA joinder clause by merely alleging the “use of the Android platform by these competitors” and the infringement of the same patent.⁹⁰

In *Golden Bridge Tech., Inc. v. Apple, Inc.*,⁹¹ the plaintiff argued that the defendants’ products use one of two baseband processors designed and manufactured by two different third-party suppliers.⁹² But, the Central District of California found misjoinder because the defendants did not “have any relationship relating to the accused products or infringement of the [patent-in-suit].”⁹³ The court based its decision on some facts. First, the defendants were “unrelated competitors.”⁹⁴ Second, no evidence showed that the accused products are identical or that the defendants “collaborated in any manner to infringe the [patent-in-suit].”⁹⁵ Third, Infringement of the patent-in-suit required other components to work with the alleged baseband processor.⁹⁶ Last, the plaintiff was a non-practicing entity which cannot theoretically claim lost profits.⁹⁷

After *Golden Bridge Tech., Inc.*, the Central District of California even disregards whether the competition between defendants exists. In 2012, the Central District of California in *Mednovus, Inc. v. QinetiQ Group PLC*⁹⁸ found misjoinder of different distributors of the same manufacturer.⁹⁹ The court’s analysis began by assuming that the accused products are the same.¹⁰⁰ While admitting that “the only related transactions between these entities are those transactions within the commerce stream,”¹⁰¹ the court, however, held that “these transactions within the commerce stream do not constitute the same transaction or series of transactions.”¹⁰² Without asking whether those distributors are competitors, the court concluded that a transaction between the manufacturer and one distributor is different from a transaction between the same manufacturer and the other distributor.¹⁰³

⁸⁹ *See id.*

⁹⁰ *See id.*

⁹¹ *Golden Bridge Tech., Inc. v. Apple, Inc.*, No. 2:12-cv-4014, 2012 WL 3999854 (C.D. Cal. Sept. 11, 2012).

⁹² *See id.* at *1.

⁹³ *Id.* at *3.

⁹⁴ *See id.*

⁹⁵ *See id.*

⁹⁶ *See id.*

⁹⁷ *See id.* This consideration echoes the sixth *EMC* factor “whether the case involves a claim for lost profits.”

⁹⁸ *Mednovus, Inc. v. QinetiQ Group PLC*, No. 2:12-cv-03487-ODW(JCx), 2012 WL 4513539 (C.D. Cal. Oct. 1, 2012).

⁹⁹ *See id.* at *2-*3.

¹⁰⁰ *See id.* at *2 (“Even assuming that each Defendant was infringing on the same products, ...”).

¹⁰¹ *Id.*

¹⁰² *Id.*

¹⁰³ *See id.* (“For instance, when Metrasens sells ETS–Lindgren a Ferroguard Ferromagnetic Detection System, that is one transaction. When Metrasens sells Invivo a Ferroguard Entry Control System, that is a second transaction. These two sales have nothing to do with each other-other than involve different

In 2013, the Southern District of Mississippi in *MGT Gaming, Inc. v. WMS Gaming, Inc.*¹⁰⁴ found misjoinder of different gaming machine manufacturers, misjoinder of one manufacturer’s different casino clients, and proper joinder of each manufacturer and its casino clients.¹⁰⁵ The court dealt with the competitor scenario and upstream-and-downstream scenario concurrently.¹⁰⁶ Regarding the manufacturer defendants, although the plaintiff did not assert that the defendants relate to the same products,¹⁰⁷ the court did not end its analysis. The court held that the plaintiff did not pass the transaction-or-occurrence test.¹⁰⁸ The court considered the manufacturer defendants as “direct competitors with different casino clients.”¹⁰⁹ When one manufacturer made its gaming machines and licensed the machines to its client, such transaction was not considered by the court as a transaction to which the other manufacturer had any relationship.¹¹⁰ Therefore, the court held that both manufacturers’ products do not “involve the same stream of commerce.”¹¹¹ Regarding the casino defendants, the court found misjoinder because they had “no relationship to each other beyond the allegation that they have infringed the same patent.”¹¹² The court also recognized the casino defendants as direct competitors, and further commented that “[d]irect competitor may not be joined in the same action because their acts do not arise out of the same transaction or occurrence and they do not share an ‘agggregate of oprative fact.’”¹¹³

In 2014, the District of New Jersey finally provided an operative standard for determining whether joinder of competitors is proper. In *Richmond v. Lumisol Elec. Ltd.*,¹¹⁴ the court followed the prevailing view of other district courts¹¹⁵ and held that “direct competitors may not be joined in a patent infringement action pursuant to § 299, absent allegations of concerted action.”¹¹⁶ Alternatively, the court held that “competitors, absent a conspiracy, are not part of the same transaction.”¹¹⁷ The court

products in the Ferrogard line.”).

¹⁰⁴ *MGT Gaming, Inc. v. WMS Gaming, Inc.*, 978 F. Supp. 2d 647 (S.D. Miss. 2013).

¹⁰⁵ *See id.* at 651.

¹⁰⁶ *See id.*

¹⁰⁷ *See id.* at 659 (“MGT’s claims against WMS and Aruze do not relate to the same accused products.”).

¹⁰⁸ *See id.* at 660.

¹⁰⁹ *Id.*

¹¹⁰ *See id.*

¹¹¹ *Id.*

¹¹² *Id.* at 662.

¹¹³ *Id.*

¹¹⁴ *Richmond v. Lumisol Elec. Ltd.*, Nos. 13–1944 (MLC), 13–1949(MLC), 13–1950(MLC), 13–1951(MLC), 13–1952(MLC), 13–1953(MLC), 13–1954(MLC), 13–1957(MLC), 13–1958(MLC), 13–1959(MLC), 13–1960(MLC), 13–2916(MLC), 2014 WL 1716447 (D.N.J. Apr. 30, 2014).

¹¹⁵ *See id.* at *5 (citing *MGT Gaming, Inc.*, 2013 WL 5755247, at *7-*8, 10; *Digitech Image Techs., LLC*, 2012 WL 4513805, at *3; *Omega Patents, LLC*, 2012 WL 2339320, at *2).

¹¹⁶ *Id.*

¹¹⁷ *Id.*

further discussed a manufacturer-importer-retailer scenario and concluded that joinder of different importers is inappropriate, even though the same manufacturer sells the same products to the same retailer through those different importers.¹¹⁸ Finally, by applying this conspiracy-or-concert test, the court found misjoinder because the competitor defendants were “not alleged to have acted in concert.”¹¹⁹

The approach of the District of New Jersey was adopted later in the same year by the District of Hawai’i in *Broadband iTV, Inc. v. Hawaiian Telcom, Inc.*¹²⁰ In *Broadband iTV, Inc.*, two cable television operators were sued jointly.¹²¹ While the plaintiff asserted that both operators used the same method and system to operate their television services,¹²² the District of Hawai’i did not mention the sameness test but rather focused on the competition relationship between these two defendants.¹²³ Because of no allegation that the defendants “have acted in concert or conspired together,”¹²⁴ the court concluded that the infringement done by these two defendants “does not arise out of the same transaction or occurrence.”¹²⁵

2. Upstream-and-Downstream Scenario

In the upstream-and-downstream scenario, some district courts may find proper joinder, while some district courts may not. The ultimate question is whether an upstream defendant and downstream defendant have some relationship beyond mere a sale of accused products.

The Southern District of Florida in *Omega Patents, LLC v. Skypatrol, LLC*¹²⁶ found proper joinder of a manufacturer and its client because their infringing acts arose from the same series of transactions or occurrences.¹²⁷ The manufacturer sold to the client accused products which then were reconfigured and modified by the

¹¹⁸ *See id.* (“For example, where the same manufacturer sells the same accused product to two importers who then sell to the same retailer, there are multiple streams of commerce and multiple transactions: (1) manufacturer A to importer A to retailer A; and (2) manufacturer A to importer B to retailer A. The two importers—who are competitors—are not part of the ‘same transaction,’ as demonstrated by this example.”).

¹¹⁹ *Id.* at *6.

¹²⁰ *Broadband iTV, Inc. v. Hawaiian Telcom, Inc.*, No. CIV. 14–00169 ACK, 2014 WL 5580967 (D. Hawai’i Oct. 30, 2014). The District of Hawai’i quoted some propositions of the conspiracy-or-concert test made by the Richmond court before analyzing the joinder issue. *See id.* at *5–*6.

¹²¹ *See id.* at *1.

¹²² *See id.* (“Plaintiff also alleges that Defendants ‘utilize the same systems and methods in connection with their use and implementation of the accused systems and they have been, and are, utilizing the same methods and series of transactions in connection [with] their customers’ downloads of VOD content.’”).

¹²³ *See id.* at *6.

¹²⁴ *Id.*

¹²⁵ *Id.*

¹²⁶ *Omega Patents, LLC v. Skypatrol, LLC*, No. 1:11–cv–24201–KMM, 2012 WL 2339320 (S.D. Fla. June 19, 2012).

¹²⁷ *See id.* at *2.

client and relabeled as the client's products.¹²⁸ The client was assisted with the information and documentation provided by the manufacturer.¹²⁹ Therefore, the court concluded that “[i]nherent in this relationship are common questions of fact, such as the nature of the guidance and modifications [the client] provides its users relative to the asserted claims against [the manufacturer], and the design and functionality of the product [the manufacturer] provides to [the client].”¹³⁰

In *MGT Gaming, Inc.*, the Southern District of Mississippi treated joinder of a manufacturer and its casino client differently from joinder of different manufacturers. The court found that one manufacturer made gaming machines and provided the machines to its casino client under an on-going agreement of revenue sharing and machine maintenance.¹³¹ The manufacturer's offering for sale and sale of the machines to the casino client constituted a series of transactions, and the use of the machines by the casino client under the on-going agreement constituted a series of related transactions.¹³² In addition, the court specified some facts related to several *EMC* factors.¹³³ First, the infringing acts done by the manufacturer and casino client occurred during the same period and resulted from the mutual agreement.¹³⁴ Second, the manufacturer and casino client maintained a manufacturer-and-user or joint-user relationship, when the manufacturer provided a maintenance service to the casino client.¹³⁵ Last, the revenue sharing agreement was part of a licensing agreement between the manufacturer and casino client.¹³⁶ These facts supporting joinder relate to the first, second and fourth *EMC* factors, respectively. But, the court also discussed the third, fifth, and sixth *EMC* factors in footnote 11 to disfavor the plaintiff's position.¹³⁷ Eventually, the court held that the transaction-or-occurrence test is

¹²⁸ *See id.*

¹²⁹ *See id.*

¹³⁰ *See id.*

¹³¹ *See MGT Gaming, Inc.*, 978 F. Supp. 2d at 660-61.

¹³² *See id.* at 660.

¹³³ *See id.* at 661 (“In addition, the Aruze Defendants share various factual considerations outlined in *In re EMC*:”).

¹³⁴ *See id.* (“In addition, the Aruze Defendants share various factual considerations outlined in *In re EMC*: 1) the alleged acts of infringement took place during the same time period throughout the Aruze Defendants' relationship.”). This fact relates to the first *EMC* factor: “whether the alleged acts of infringement occurred during the same time period.”

¹³⁵ *See id.* (“In addition, the Aruze Defendants share various factual considerations outlined in *In re EMC*: ... 2) Aruze and Penn allegedly have maintained a relationship as manufacturer and user, or joint users, and Aruze has supported the upkeep of the relevant machines.”). This fact relates to the second *EMC* factor: “the existence of some relationship among the defendants.”

¹³⁶ *See id.* at 661-62 (“In addition, the Aruze Defendants share various factual considerations outlined in *In re EMC*: ... 3) the alleged revenue sharing agreement that resulted between Aruze and Penn amounts to a licensing agreement.”). This fact relates to the fourth *EMC* factor: “licensing or technology agreements between the defendants.”

¹³⁷ *See id.* at 662 n.11 (“As for the other factors, MGT has not directly alleged that the defendants use ‘identically sourced components’ ... The ‘overlap of the products’ or processes’ development and manufacture’ does not apply here because Penn had no involvement in the accused machines’ development or manufacture. The case is also unlikely to involve a claim for lost profits given that

satisfied.¹³⁸

The Central District of California has taken a restrict view of an upstream-and-downstream relationship. In *Digitech Image Techs., LLC v. Agfaphoto Holding GmbH*,¹³⁹ the plaintiff sued forty-five defendants who can be divided into a group of manufacturers and a group of retailers.¹⁴⁰ The infringing products were digital cameras.¹⁴¹ One manufacturer defendant moved for severance from retailer defendants as well as other manufacturer defendants, and the court agreed.¹⁴² While the court did not separate the reasoning for retailers from the reasoning for manufacturers, it did consider the alleged transactions as different transactions.¹⁴³ With respect to the manufacturer-and-retailer scenario, the court observed that “the only instances involving the ‘same accused product’ are the transactions for an individual camera (or camera model) within the commerce stream.”¹⁴⁴ But, the court held that “these transactions within the commerce stream do not constitute the same transaction or series of transactions.”¹⁴⁵ Considering that the patent liability of a manufacturer is different from that of a retailer,¹⁴⁶ the court found that a sale from the manufacturer to one retailer is a transaction different from a sale from such retailer to an end-user.¹⁴⁷ Therefore, the defendants did not share an aggregate of operative facts.¹⁴⁸ The joinder of the manufacturer and its retailers was improper.¹⁴⁹

While the Central District of California does not consider merely selling accused products from a manufacturer to a retailer as a basis for proper joinder of the manufacturer and retailer, the District of Arizona has disapproved joinder based on a

MGT is a non-practicing entity.”).

¹³⁸ *See id.* at 660. In the case of the other manufacturer, the court found the existence of a revenue sharing agreement between the manufacturer and casino client. So, the court held that the transaction-or-occurrence test is met. *See id.* at 662.

¹³⁹ *Digitech Image Techs., LLC v. Agfaphoto Holding GmbH*, No. 8:12-CV-1153-ODW, 2012 WL 4513805 (C.D. Cal. Oct. 1, 2012).

¹⁴⁰ *See id.* at *1.

¹⁴¹ *See id.*

¹⁴² *See id.* at *1, *5. With respect to the joinder of manufacturer defendants, the court simply held no possible allegation that different manufacturers’ accused products are identical. *See id.* at *3. So, the moving manufacturer defendant was severed from the case with other manufacturer defendants.

¹⁴³ *See id.* at *3.

¹⁴⁴ *Id.*

¹⁴⁵ *Id.*

¹⁴⁶ *See id.* at *4 (“[The retailer’s] patent liability arises from its sale (or offer for sale) of the [manufacturer’s] camera to an end-user. This is entirely different from [the manufacturer’s] liability, which arises from its sale (or offer for sale) of its camera to [the retailer] (and others).”). The logic is similar to that of another 2012 case of the Central District of California. *See Mednovus, Inc.*, 2012 WL 4513539, at *3 (“Taking this analysis further, when Invivo or ETS-Lindgren sells an infringing Ferroguard product from Metrasens (and by extension, QinetiQ) to an end-user (presumably an institution), this is a third transaction. Specifically, Invivo’s and ETS-Lindgren’s patent liability arises from its sale (or offer for sale) of the Ferroguard products to an end-user. This is entirely different from Metrasens’s liability, which arises from its sale (or offer for sale) of its Ferroguard product to Invivo.”).

¹⁴⁷ *See Digitech Image Techs., LLC*, 2012 WL 4513805, at *4.

¹⁴⁸ *See id.*

¹⁴⁹ *See id.* at *5.

retail contract without actual sales. In *Pipeline Techs. Inc. v. Telog Instruments Inc.*,¹⁵⁰ the plaintiff based joinder on an agreement between the manufacturer defendant and retailer defendant under which the retailer defendant is required to “solicit orders for and promote the sale of the alleged infringing devices offered by [the manufacturer defendant].”¹⁵¹ But, the court held that such allegation is not enough.¹⁵²

Although adopting a proposition that “one manufacturer defendant (the upstream defendant) and one retailer defendant (the downstream defendant)—can be properly joined pursuant to § 299 where the upstream defendant provides the product to the downstream defendant,”¹⁵³ the District of Arizona distinguished the present case from the proposition because the manufacturer here did not provide accused products to the retailer.¹⁵⁴ In addition, the court considered the solicitation and promotion of the accused products by the retailer as a transaction different from the manufacturing and selling of the accused products by the manufacturer.¹⁵⁵ The court even held that the manufacturer’s “sales constitute separate transactions, whether completed with or without the assistance of a sales solicitor or promoter.”¹⁵⁶ Furthermore, the court found that the retailer’s affiliated sales are a fraction of the manufacturer’s total sales of the accused products.¹⁵⁷ Therefore, the court held that the plaintiff fails to meet the transaction-or-occurrence test.¹⁵⁸

D. Approach of the Eastern District of Texas

Without clear guidance from the Federal Circuit, district courts are developing the case law for applying 35 U.S.C. § 299. While the legislative history and the *EMC* decision both consider the Eastern District of Texas as a minority view, the Eastern District of Texas continues to permit joinder of independent defendants easily. Thus, this article treats the Eastern District of Texas differently from other district courts.

The Eastern District of Texas is still more likely to permit joinder. The court has outweighed the third *EMC* factor: “the use of identically sourced components.” This trend started in *Imperium (IP) Holdings, Inc. v. Apple Inc.*,¹⁵⁹ a 2012 decision issued after the enactment of the AIA and before *EMC*. There, the joinder issue was

¹⁵⁰ *Pipeline Techs. Inc. v. Telog Instruments Inc.*, No. CV-13-02104-PHX-SPL, 2014 WL 5241719 (D. Ariz. Oct. 15, 2014).

¹⁵¹ *Id.* at *2 (quotation marks omitted).

¹⁵² *See id.*

¹⁵³ *Id.* (quoting *Richmond v. Lumisol Elec. Ltd.*, 2014 WL 1716447 (D.N.J. April 30, 2014)).

¹⁵⁴ *See id.*

¹⁵⁵ *See id.*

¹⁵⁶ *Id.*

¹⁵⁷ *See id.*

¹⁵⁸ *See id.*

¹⁵⁹ *Imperium (IP) Holdings, Inc. v. Apple Inc.*, No. 4:11-CV-163, 2012 WL 461775 (E.D. Tex. Jan. 20, 2012).

governed by Rule 20 only.¹⁶⁰ However, the court commented that the joinder of different cell phone manufacture defendants is proper even under 35 U.S.C. § 299.¹⁶¹ In footnote 3, the court found that the transaction-or-occurrence test under § 299 is met because the defendants “are not merely accused of making or selling similar products that infringe the same patents”¹⁶² but rather “make similar products that use the same technology and in many instances the same image sensor or processor.”¹⁶³

The *Apple* court focuses on “the use of an identical image sensor or processor in different [accused] products.”¹⁶⁴ This approach asks whether “the technology at issue is the same.”¹⁶⁵ If so, then the transaction-or-occurrence test is satisfied.¹⁶⁶ Under *Apple*, the use of an identical component in different accused products is sufficient to show that the technology at issue is the same.¹⁶⁷

After *Apple*, the Eastern District of Texas in *Motorola Mobility, Inc. v. Tivo, Inc.*¹⁶⁸ first applied the AIA joinder clause to an upstream-downstream scenario.¹⁶⁹ There, the counterclaim plaintiff sued a television-signal-transmitter-equipment manufacturer and cable TV provider jointly.¹⁷⁰ The manufacturer’s equipment was accused of infringing the patent, while TV provider was accused of distributing such equipment.¹⁷¹ When applying 35 U.S.C. § 299, the court did not explain whether the new law has changed its Rule 20 practice.¹⁷² Rather, the court permitted joinder simply because the counterclaim plaintiff alleged that both manufacturer and cable-TV provider “infringe its patents based on their conduct relating to the [equipment].”¹⁷³ The *Motorola* court’s approach is similar to the *Apple* court because they focus on whether the technology or product at issue is the same.

After the Federal Circuit in *EMC* limited the scope of joinder under Rule 20, the Eastern District of Texas started to heighten the standard of joinder. In *Norman IP Holdings, LLC v. Lexmark Int’l, Inc.*,¹⁷⁴ the court held that asserting that “the accused products or processes of the defendants are similar is not enough” to support

¹⁶⁰ See *id.* at *2, *3 n.2.

¹⁶¹ See *id.* *3 n.3.

¹⁶² *Id.*

¹⁶³ *Id.*

¹⁶⁴ *Id.*

¹⁶⁵ See *id.*

¹⁶⁶ See *id.*

¹⁶⁷ See *id.*

¹⁶⁸ *Motorola Mobility, Inc. v. Tivo, Inc.*, No. 5:11-CV-53-JRG, 2012 WL 2935450 (E.D. Tex. Jul. 18, 2012).

¹⁶⁹ See *id.* at *1-*2.

¹⁷⁰ See *id.* at *1.

¹⁷¹ See *id.*

¹⁷² See *id.* at *1-*2.

¹⁷³ See *id.* at *2.

¹⁷⁴ *Norman IP Holdings, LLC v. Lexmark Int’l, Inc.*, No. 6:11-CV-495, 6:12CV508, 2012 WL 3307942 (E.D. Tex. Aug. 10, 2012).

joinder.¹⁷⁵ So, the court rejected the plaintiff’s “allegations regarding the common use” of the designs of a particular component as a basis of joinder.¹⁷⁶ But, the court actually did not reject the *Apple* court’s approach. Rather, the court only criticized that the complaint did not explain what “defining characteristic” such particular component possess in each accused product with respect to each defendant’s infringement.¹⁷⁷ Thus, the *Lexmark* court indeed has modified the *Apple* court’s approach to require something more than a list of “non-limiting examples of infringing system components.”¹⁷⁸ Under *Lexmark*, a plaintiff has to “establish that the allegations of infringement against each defendant relate to a common transaction or occurrence for joinder purposes [under Rule 20].”¹⁷⁹

Five days after *Lexmark*, on August 15, 2012, the Eastern District of Texas heard a case reversed by the Federal Circuit in *EMC*. In *Oasis Research, LLC v. Carbonite, Inc.*,¹⁸⁰ the court applied *EMC*¹⁸¹ and severed all defendants because the accused products were different and the defendants were unrelated.¹⁸² With respect to two particular defendants, the court found no allegation showing that they “use similarly sourced products, worked in concert, or had any relationship at all.”¹⁸³ Although the court did not explain whether such finding relates to the *EMC* factors, the court began to look into something other than technology. In the same month, the Eastern District of Texas issued two cases of misjoinder in the context of an upstream-downstream scenario. In *Net Nav. Sys., LLC v. Cisco Sys., Inc.*¹⁸⁴ The court applied 35 U.S.C. § 299 and considered the *EMC* factors.¹⁸⁵ While the plaintiff asserted that the manufacture defendant and client defendant (or one of the client’s subsidiaries) “are working together in a ‘strategic alliance,’”¹⁸⁶ the court found that “the nature of the relationship” is unknown.¹⁸⁷ The court also found that the plaintiff cannot clarify an appropriate entity of the client defendant or its subsidiaries.¹⁸⁸ Moreover, no allegations were found to support other *EMC* factors.¹⁸⁹ Thus, the court found

¹⁷⁵ *See id.* at *2 (citing *EMC*, 677 F.3d at 1359).

¹⁷⁶ *See id.* at *3.

¹⁷⁷ *See id.* (“The complaint did not mention ARM processors as defining characteristic regarding each defendant’s alleged infringement.”).

¹⁷⁸ *Id.*

¹⁷⁹ *Id.*

¹⁸⁰ *Oasis Research, LLC v. Carbonite, Inc.*, No. 4:10–CV–435, 2012 WL 3544881 (E.D. Tex. Aug. 15, 2012).

¹⁸¹ *See Oasis Research, LLC*, 2012 WL 3544881, at *4.

¹⁸² *See id.* at *6.

¹⁸³ *Id.* at *5 (not citing any cases).

¹⁸⁴ *Net Nav. Sys., LLC v. Cisco Sys., Inc.*, No. 4:11–CV–660, 2012 WL 7827543 (E.D. Tex. Aug. 22, 2012) (a recommendation of a magistrate judge).

¹⁸⁵ *See id.* at *1–*3.

¹⁸⁶ *Id.* at *3.

¹⁸⁷ *See id.*

¹⁸⁸ *See id.*

¹⁸⁹ *See id.*

misjoinder.¹⁹⁰ In *Phoenix Licensing, LLC v. Aetna, Inc.*,¹⁹¹ the court applied both 35 U.S.C. § 299 and Rule 20 to the joinder issue raised by a supplier defendant.¹⁹² While the *Net Nav. Sys.* court did not analyze the factual allegations by going through all six *EMC* factors,¹⁹³ the *Phoenix Licensing* court did so.¹⁹⁴ The *Phoenix Licensing* court only found that the first *EMC* factor is satisfied.¹⁹⁵ Thus, the court severed the supplier defendant from the present case.¹⁹⁶

A series of 2012 decisions may show that the Eastern District of Texas has begun to unlikely permit joinder. But, that is not the case. In 2014, the Eastern District of Texas started to resume its tendency to grant joinder.

There were two cases where the court allowed some initial discovery to develop evidence for determining whether joinder is proper. In *Contentguard Holdings, Inc. v. Google, Inc.*,¹⁹⁷ the court dealt with mobile device manufacturers as joint defendants who are accused of using infringing software applications in their mobile devices.¹⁹⁸ While recognizing that the infringement claims against different manufacturers depend on each accused device provided by each manufacturer,¹⁹⁹ the court looked into the software side of the infringement claims.²⁰⁰ The court required some evidence showing “how the accused software-hardware combination corresponds to claims of the asserted patents.”²⁰¹ Although the outcome after the court permitted discovery was not clear, the court did provide guidance to predict how the outcome from the discovery will impact its ruling on the joinder issue.²⁰² The ultimate question was whether the infringement claims are primarily software-based or rely on

¹⁹⁰ *See id.*

¹⁹¹ *Phoenix Licensing, LLC v. Aetna, Inc.*, No. 2:11–CV–285–JRG, 2012 WL 3472973 (E.D. Tex. Aug. 15, 2012).

¹⁹² *See id.* at *1.

¹⁹³ *See id.* at *3.

¹⁹⁴ *See id.* at *2.

¹⁹⁵ *See id.* (“Phoenix has not sufficiently shown the presence of the other factors discussed by the Federal Circuit in the *In re EMC* decision. Although not explicitly stated in the complaint, it appears that the alleged infringements occurred during the same time period. However, there is no evidence of any relationship among the defendants, the use of identically sourced components, any licenses or other agreements between the Defendants with regard to Plaintiff’s patents, or any overlap of the products’ or processes’ development and/or manufacture. Additionally, Phoenix does not explicitly include a claim for lost profits in its Complaint.”).

¹⁹⁶ *See id.*

¹⁹⁷ *Contentguard Holdings, Inc. v. Google, Inc.*, Nos. 2:14–cv–00061–JRG, 2:13–cv–01112–JRG, 2014 WL 1477670 (E.D. Tex. Apr. 15, 2014).

¹⁹⁸ *See id.* at *5.

¹⁹⁹ *See id.* (“Despite the existence of a hardware component, the infringement of which may depend on the different devices supplied by individual Manufacturer Defendant, ...”).

²⁰⁰ *See id.* (“[T]he accused instrumentality in this case—the use of the three common software applications on each Defendant’s device—is not clearly based on ‘independently developed products using differently sourced parts,’ and the common facts regarding the accused software may well constitute ‘an actual link between the facts underlying each claim of infringement.’” (citing *EMC*, 677 F.3d at 1359)).

²⁰¹ *Id.*

²⁰² *See id.*

hardware components of each individual device.²⁰³ That is, if infringement is caused primarily by software applications, the software applications become a feature linking the claims against different accused products.²⁰⁴ But, if the hardware plays the “dominant role” when the software applications are “used specifically” in each accused device, the claim against each defendant is different because each accused product is different.²⁰⁵ The court held that if the first case is established, “an actual link” can be found to connect all defendants and to support joinder.²⁰⁶ In *Star CoLED Techs., LLC v. Sharp Corp.*,²⁰⁷ the court dealt with a manufacturer-client scenario. The plaintiff asserted that the manufacturer made components for use in the client’s end products under a joint venture between both parties.²⁰⁸ While the defendants submitted employee declarations to explain the alleged joint venture, the court found that the record is not enough for determining whether joinder is proper.²⁰⁹ Thus, the court permitted discovery related to the joint venture.²¹⁰ The court expected the discovery to help determining “whether this case involves ‘independently developed products using differently sourced parts,’ or if the common facts regarding the accused products constitute ‘an actual link between the facts underlying each claim of infringement.’”²¹¹

The “actual link” approach under *Contentguard Holdings* and *Star CoLED Techs.* reflects a proposition in *EMC* that “[u]nless there is an *actual link* between the facts underlying each claim of infringement, independently developed products using differently sourced parts are not part of the same transaction, even if they are otherwise coincidentally identical.”²¹² Though, the Eastern District of Texas in those two cases did not mention the six *EMC* factors specifically. However, the *Contentguard Holdings* decision indicates that the court focused on the third *EMC* factor, because the court considered a software component as a potential basis of joinder. On the other hand, the *Star CoLED Techs.* decision indicates that the court focused on the fourth *EMC* factor, because the court specified the joint venture as a

²⁰³ *See id.* (“If, for instance, ContentGuard’s claims are predominantly software-based, then the common facts underlying such claims may constitute ‘an actual link’ connecting all Defendants sufficient to support joinder in this case. On the other hand, if the hardware component turns out to play the dominant role in determining how the three software applications are used specifically on each Defendant’s device, then the claims against each Defendant may be sufficiently distinguished such that keeping them jointly in one case would be improper.” (citation omitted)).

²⁰⁴ *See id.*

²⁰⁵ *See id.*

²⁰⁶ *See id.*

²⁰⁷ *Star CoLED Techs., LLC v. Sharp Corp.*, No. 2:13-CV-416-JRG, 2014 WL 1998051 (E.D. Tex. May 15, 2014).

²⁰⁸ *See id.* at *2.

²⁰⁹ *See id.*

²¹⁰ *See id.*

²¹¹ *Id.* (citing *EMC*, 677 F.3d at 1359).

²¹² *EMC*, 677 F.3d at 1359 (emphasis added).

potential link between the infringement claims against the defendants.

After *Contentguard Holdings* and *Star CoLED Techs.*, the Eastern District of Texas issued another two decisions permitting joinder in 2014. In *NFC Tech., LLC v. HTC Am.*,²¹³ the court found proper joinder of different manufacturers because they used the same component in the same way to infringe the patent.²¹⁴ One defendant argued that the accused products made by the defendants are different.²¹⁵ But, the court found that the accused products have the same component which is one of the features in each accused product alleged to cause infringement.²¹⁶ The court held that the plaintiff's allegation meets the *EMC* standard that "the product must be 'the same in respects relevant to the patent.'"²¹⁷ The court also referred to *Imperium (IP) Holdings, Inc. v. Apple Inc.* and held that "[d]iverse products using identical component parts are often held to meet the joinder standard."²¹⁸ Because the court focused primarily on the third *EMC* factor, the court even criticized that the defendant's "different product" approach is too narrow.²¹⁹ In *Smartflash LLC v. Apple, Inc.*,²²⁰ the court found proper joinder of a mobile phone provider and some software application developers because the provider offered a software framework to the developers to help them create some function in their software.²²¹ The provider defendant offered two main arguments which however were rejected by the court. While the defendant asserted that some features in those software applications can show the differences among those applications, the court disagreed because those features were not covered by the claims.²²² Second, the court rejected an argument that joinder is improper even when separate sales of the exact same products are

²¹³ *NFC Tech., LLC v. HTC Am.*, No. 2:13-CV-01058-JRG, 2014 WL 3834959 (E.D. Tex. Aug. 1, 2014).

²¹⁴ *See id.* at *2 ("NFCT alleges, in essence, that each of the accused devices infringes the same patents by using the same NFC chipset in the same way.").

²¹⁵ *See id.*

²¹⁶ *See id.* ("[T]he accused products in this suit all make use of a particular NFC chip, the NXP PN 544, which, in combination with devices supplied by LG and HTC, allegedly infringe NFCT's patents. The defendants thus make use of 'the same accused product' insofar as the relevant infringing feature of the product is the NXP chip's interaction with the Defendants' roughly-equivalent non-NXP hardware and software, e.g., antennas.").

²¹⁷ *Id.*

²¹⁸ *Id.* (citing *Imperium (IP) Holdings, Inc.*, 2012 WL 461775, at *2-*3).

²¹⁹ *See id.* ("HTC also reads the 'same transaction or occurrence' standard too narrowly. The Federal Circuit has made clear that this test is a multi-factored, individual analysis of the 'aggregate of operative facts.' That analysis explicitly incorporates consideration of 'the use of identically sourced components.'" (citation omitted)).

²²⁰ *Smartflash LLC v. Apple, Inc.*, No. 6:13-cv-447, 2014 WL 4421657 (E.D. Tex. Sept. 8, 2014).

²²¹ *See id.* at *3.

²²² *See id.* ("Apple argued that even though the accused apps relied on the Store Kit framework, the differences in server locations meant each process was not identical. But Plaintiff identified at least one claim that does not have limitations on server location. Judge Mitchell found that Plaintiff's infringement contentions are directed to the implementation of Store Kit's payment functionality." (citations omitted)).

involved.²²³ The court considered such reading of the joinder clause as a narrow “interpretation that goes against the very idea of a ‘series of transactions or [sic] occurrences’ [under 35 U.S.C. § 299(a)(1)].”²²⁴ The court also worried that such narrow interpretation would be conditional only on joint liability.²²⁵

A series of decisions from 2012 to 2014 demonstrate that the Eastern District of Texas has made the third *EMC* factor as a dispositive factor on whether joinder is proper.²²⁶ The approach is very different from other sister courts. The Eastern District of Texas does not consider the competitor relationship between defendants. The conflicting views between the majority of district courts and Eastern District of Texas may cause inconsistent applications of 35 U.S.C § 299. That is significant in the patent cases related to the mobile phone industry.

III. Joinder Clause and Mobile Phone Technology

A. Hardware Issues

In a case where the plaintiff alleges the use of the same hardware component alone to support joinder, the Eastern District of Texas has found joinder while the Central District of California has found misjoinder. The question is whether those conflicting decisions can co-exist.

The Federal Circuit requires a finding of “an actual link between the facts underlying each claim of infringement.”²²⁷ The only one example of “no actual link” under *EMC* is “independently developed products using differently sourced parts are not part of the same transaction, even if they are otherwise coincidentally identical.”²²⁸ The “no actual link” example implies one possible situation of joinder: independently developed products using the same sourced parts.²²⁹ The situation is justifiable by the third *EMC* factor “the use of identically sourced components.”

In *NFC Tech., LLC v. HTC Am.*, the Eastern District of Texas dealt with HTC-branded and LG-branded mobile devices as the accused products.²³⁰ The patented technology was “Near Field Communication” (“NFC”) technology which

²²³ *See id.*

²²⁴ *Id.*

²²⁵ *See id.*

²²⁶ *See cf.* Imperium IP Holdings (Cayman), Ltd. v. Samsung Elec. Co, No. 4:14–CV–371, 2015 WL 137419, at *3 (E.D. Tex. Jan. 9, 2015) (finding misjoinder and severing two Samsung-related companies from a defendant group of Samsung-family companies primarily because the plaintiff did not make any factual allegations supporting the *EMC* factors).

²²⁷ *EMC Corp.*, 677 F.3d at 1359.

²²⁸ *Id.*

²²⁹ The “no actual link” example implies another situation of joinder: dependently developed products using differently sourced parts. The second situation is justifiable by several *EMC* factors: “the existence of some relationship among the defendants,” “licensing or technology agreements between the defendants,” and “overlap of the products’ or processes’ development and manufacture.”

²³⁰ *See NFC Tech., LLC*, 2014 WL 3834959, at *1.

allows interactions between mobile devices within a short distance.²³¹ The joinder of HTC and LG was permitted because the court found not only that both HTC's and LG's products use the same chips to implement the NFC technology, but also that the chips are used in HTC's or LG's products to infringe the patent.²³² That is, the use of a chip creates an actual link between defendants with respect to their infringing acts. On the other hand, the Central District of California in *Golden Bridge Tech., Inc. v. Apple, Inc.* severed Motorola and Apple from the case because the use of a common component in accused mobile devices was not clearly related to the claims of infringement.²³³ There, the patented technology was a multichannel-spread-spectrum system for communicating multiple data-sequence signals from multiple data channels.²³⁴ The alleged common component was a baseband processor.²³⁵ While the use of the same component was alleged, the court held that the use of the baseband processor alone cannot constitute infringement.²³⁶ To hold misjoinder, the court also considered that the plaintiff fails to allege how the baseband processor works with the accused mobile devices to infringe the patent.²³⁷

While the results of whether joinder is proper were different, the Eastern District of Texas and Central District of California both did consider whether the use of the same component in accused products relates to patent infringement. Therefore, it is not just the use of the same components or identically sourced components as an actual link between defendants. Rather, both district courts do look to the role of those alleged components in patent infringement. The alleged same components must relate to the claims of infringement. Otherwise, there is no "actual link between the facts underlying each claim of infringement."

NFC Tech., LLC and *Golden Bridge Tech., Inc.* can be harmonized as long as the determination of joinder focuses on whether "the use of identically sourced components" creates "an actual link between the facts underlying each claim of infringement." If identically sourced components are hardware, courts have to examine the role of the identically sourced components in different accused products and to ask whether the identically sourced components cause infringement. Under this approach, if different mobile devices are incorporated with identically sourced components so as to be able to infringe the patent, the joinder of different defendants is proper.

²³¹ *See id.*

²³² *See id.* at *2.

²³³ *See Golden Bridge Tech., Inc.*, 2012 WL 3999854, at *1, *3.

²³⁴ *See id.* at *1.

²³⁵ *See id.*

²³⁶ *See id.* at *3.

²³⁷ *See id.*

B. Software Issues

When software is alleged as “an actual link” between the claims against different defendants,²³⁸ the Eastern District of Texas has permitted joinder or has been willing to allow discovery related to joinder issues, while the Southern District of Florida and Northern District of Texas have rejected joinder. The reconciliation is not easy because a mobile device of one operational system may be considered different from a mobile device of another operational system.

From the perspectives of the Southern District of Florida and Northern District of Texas, different mobile device manufacturers cannot make the same mobile devices simply because they implement different operational systems in their devices. In *Motorola Mobility, Inc. v. Apple Inc.*, the Southern District of Florida severed HTC from Motorola because the Android system of Apple phones was different from that of Motorola phones.²³⁹ The patented technology related to user interfaces and software for use on mobile devices.²⁴⁰ The plaintiff specified accused software applications (such as Maps and Play Store) and alleged that they are “present in the same form on both HTC’s and Motorola’s accused devices.”²⁴¹ But, the court found that the sameness test is not met.²⁴² The court held that HTC’s Android software and Motorola’s Android software are not the same because they are modified to some extent.²⁴³ In *Summit 6 LLC v. HTC Corp.*, the Northern District of Texas severed Apple from other mobile phone companies.²⁴⁴ The patented technology related to web-based media submission tools.²⁴⁵ The plaintiff accused that the messaging technology used by defendants’ mobile phones infringes the patents.²⁴⁶ The specifically-accused software was Twitter.²⁴⁷ The court held misjoinder because Apple’s products were not the same as the products of other companies.²⁴⁸ The sameness test was not satisfied because the claims against Apple related to iOS-based proprietary services while the claims against other companies related to Android-based proprietary services.²⁴⁹

On the other hand, the Eastern District of Texas focuses not only on the software part of accused mobile devices but also on the hardware part. In *Contentguard*

²³⁸ There may be a question of whether the Federal Circuit refers “identically sourced components” to a physical object only.

²³⁹ See *Motorola Mobility, Inc.*, 2012 WL 3113932, at *4.

²⁴⁰ See *id.* at *1.

²⁴¹ See *id.* at *4.

²⁴² See *id.*

²⁴³ See *id.* (“HTC and Motorola ... produce different smartphones that run on at least somewhat modified Android software.”).

²⁴⁴ See *Summit 6 LLC*, 2014 WL 4449821, at *16.

²⁴⁵ See *id.* at *1.

²⁴⁶ See *id.* at *2.

²⁴⁷ See *id.* at *15.

²⁴⁸ See *id.* at *16.

²⁴⁹ See *id.*

Holdings, Inc. v. Google, Inc., the court allowed discovery related to joinder issues even though it could not find that the joinder of Motorola and other mobile device providers is proper.²⁵⁰ The patented technology related to digital rights management (“DRM”).²⁵¹ The plaintiff asserted that Amazon Kindle app, Google Play apps, and UITS (“Unique Identifier Technology Solution”) specification used in accused mobile devices infringe the patents.²⁵² While finding that the ground of joinder is not clear, the court permitted some discovery to resolve a question of “how the accused software-hardware combination corresponds to claims of the asserted patents.”²⁵³ The ultimate question was whether the “claims are predominantly software-based.”²⁵⁴ If so, “the common facts underlying such claims may constitute ‘an actual link’ connecting all Defendants sufficient to support joinder in this case.”²⁵⁵ But, if the hardware component plays “the dominant role in determining how the three software applications are used specifically on each Defendant’s device,”²⁵⁶ “the claims against each Defendant may be sufficiently distinguished such that keeping them jointly in one case would be improper.”²⁵⁷ Therefore, the Eastern District of Texas does not exclude a possibility that software can become “an actual link” between the claims against mobile device manufacturers. Rather, only when the hardware component is a key element which causes each defendant to infringe the patent, the claim against one defendant may be distinguishable from the claim against another defendant.

C. Unresolved Questions

The application of 35 U.S.C. § 299 by the Eastern District of Texas seems to make the third *EMC* factor “the use of identically sourced parts” dispositive in the context of mobile phone technology. However, the Eastern District of Texas has considered other *EMC* factors. In *Smartflash LLC v. Apple, Inc.*,²⁵⁸ the court permitted joinder of Apple and app developers and held that “the ‘series of transactions or occurrences’ test is satisfied by Apple’s offering its Store Kit framework to app developers to help them implement in-app payment functionality.”²⁵⁹ While not mentioning any *EMC* factors, the *Smartflash* court actually applied the fourth *EMC* factor because the offering of the Store Kit framework can be treated as “licensing or technology agreements between the defendants.”

²⁵⁰ See *Contentguard Holdings, Inc.*, 2014 WL 1477670, at *5.

²⁵¹ See *id.* at *1.

²⁵² See *id.* at *5.

²⁵³ See *id.*

²⁵⁴ *Id.*

²⁵⁵ *Id.*

²⁵⁶ *Id.*

²⁵⁷ *Id.*

²⁵⁸ *Smartflash LLC v. Apple, Inc.*, No. 6:13-cv-447, 2014 WL 4421657 (E.D. Tex. Sept. 8, 2014).

²⁵⁹ *Id.* at *3.

On the other hand, the Southern District of Florida has applied the *EMC* decision too narrowly. The court in *Motorola Mobility, Inc. v. Apple Inc.* disregarded the Open Handset Alliance as a basis of some *EMC* factors, such as “the existence of some relationship among the defendants,” and “overlap of the products’ or processes’ development and manufacture.”²⁶⁰ The OHA is a group of companies licensed to use Android without charge.²⁶¹ Google as the owner of Android requires OHA members to implement Google-developed applications in their mobile devices.²⁶² Google also requires OHA members not to develop other operational systems for mobile devices to compete against Android.²⁶³ Apparently, the distinct features of the OHA do not amount to a “relationship” qualified as a basis of permissive joinder from the perspective of the Southern District of Florida.

The applications of § 299 by district courts to mobile phone technology cases show that the *EMC* analysis has created inconsistency. The Eastern District of Texas remains a minority and is still more willing to permit joinder of independent defendants.

IV. Conclusion

To abrogate the minority view of joinder under Rule 20 and to stop joinder of independent defendants based merely on that they infringe the same patents, Congress enacted 35 U.S.C. § 299. The Federal Circuit also created the six *EMC* factors for lower courts to determine whether “an actual link between the facts underlying each claim of infringement” exists. But, all efforts may be deterred by the Eastern District of Texas because its application of 35 U.S.C. § 299 and *EMC* is still patentee-friendly.

Many district courts focus more on some business relationship between independent defendants and some of them ask whether independent defendants have conspired or acted in concert. But, the Eastern District of Texas focuses more on the technology side of the infringement claims against different defendants. The use of identically sourced parts alone may constitute an actual link.

However, the majority of district courts maybe have heightened the *EMC* analysis in a way, especially for the mobile device industry, that there are no the same products because there are somewhat differences of the operational system in each mobile device. The Federal Circuit may have to revisit *EMC* and interpret 35 U.S.C. §

²⁶⁰ See *Motorola Mobility, Inc.*, 2012 WL 3113932, at *4.

²⁶¹ See Thomas W. Hazlett, *Modular Confines of Mobile Networks: Are iPhones iPhone?*, 19 SUP. CT. ECON. REV. 67, 91-92 (2011).

²⁶² See *id.* at 92.

²⁶³ See Ron Amadeo, *Google’s Iron Grip on Android: Controlling Open Source by Any Means Necessary*, ARS TECHNICA, Oct 21, 2013, <http://arstechnica.com/gadgets/2013/10/googles-iron-grip-on-android-controlling-open-source-by-any-means-necessary/3/> (last visited Feb. 17, 2015).

299 to fix the inconsistency among district courts.

Acknowledgement

This paper is from a research project financially supported by the Ministry of Science and Technology of the Taiwan Government (MOST 103-2410-H-027-002-).