

PROBLEMATIC FEDERAL DISTRICT COURT APPROACHES TO THE JOINDER CLAUSE UNDER THE AMERICA INVENTS ACT

PING-HSUN CHEN¹

CONTENTS

I.	Introduction.....	101
II.	Interpretation of 35 U.S.C. § 299 Under In re EMC 107	
A.	In re EMC and Interpretation of Rule 20.....	107
B.	35 U.S.C. § 299 and In re EMC.....	111
III.	Approaches of the Majority of District Courts	116
A.	Competitor Scenario	117
B.	Upstream-and-Downstream Scenario.....	124
IV.	Approach of the Eastern District of Texas.....	129
A.	Addition to the Third EMC Factor	130
B.	Recent Development.....	134
V.	EMC Factors in Cases Related to Mobile Device Technology	140
A.	Hardware Issues.....	140
B.	Software Issues	143
C.	Business Relationship Issues	147

¹ Assistant Professor, Graduate Institute of Technology, Innovation and Intellectual Property Management, National Chengchi University; J.D. 10', Washington University in St. Louis School of Law; Email: cstr@mail.ntut.edu.tw.

VI.	Proposed Resolution.....	150
A.	Congressional Intent.....	150
B.	“The Same Accused Product or Process”.....	154
C.	“Certain Connection” Approach.....	156
VII.	Conclusion.....	160

ABSTRACT

Before 35 U.S.C. § 299 was enacted, a minority of district courts had permitted joinder of independent defendants merely because the same patent was infringed. That gave a great incentive to non-practicing entities to sue as many defendants as possible in one suit. To resolve this problem, Congress enacted § 299(b) to abrogate the minority view of joinder. In addition, the Federal Circuit in *In re EMC* created a test requiring finding of “an actual link between the facts underlying each claim of infringement.” The Federal Circuit provided six *EMC* factors for lower courts to determine permissive joinder. However, the Eastern District of Texas has relied primarily on the “use of identically sourced parts” factor 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 merely because the same hardware component is used, while other courts have found misjoinder merely because mobile devices of one manufacturer’s operational system are not the same as mobile devices of another manufacturer’s operational system. To resolve the inconsistency, this article offers a “certain connection” approach in light of Congress’ intent and the *In re EMC* decision. The approach focuses on connections between the infringement claims and the independent defendants.

I. INTRODUCTION

On September 16, 2011, the Leahy-Smith America Invents Act (“AIA”) was signed by President Obama.² Among its important goals is the goal to minimize negative effects caused by patent enforcement on small businesses.³ In recent years, small businesses in the United States have suffered from frivolous patent litigation brought by non-practicing entities (“NPEs”) that buy patents for the purpose of litigation but do not sell the underlying products or make the underlying innovations.⁴ This phenomenon results partially from the practice of Rule 20 of Federal Rules of Civil Procedure (“Rule 20”) in some jurisdictions.⁵

Rule 20(a)(2) provides,

Persons—as well as a vessel, cargo, or other property subject to admiralty process in rem—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.⁶

² See Tracie L. Bryant, Note, *The America Invents Act: Slaying Trolls, Limiting Joinder*, 25 HARV. J.L. & TECH. 687, 694 (2012).

³ See Adam Smith, Note, *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).

⁴ See, e.g., David O. Taylor, *Patent Misjoinder*, 88 N.Y.U. L. REV. 652, 660 (2013); Ryan Desisto, Note, *Ermont vs. The Patent Troll: Is State Action a Bridge Too Far?*, 48 SUFFOLK U. L. REV. 109, 115-19 (2015).

⁵ See Taylor, *supra* note 4, at 655–56 n.12.

⁶ FED. R. CIV. P. 20(a)(2).

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).⁷ In the patent context, a minority of district courts have applied Rule 20 to permit joinder of independent defendants or to consolidate different patent cases merely because the same patent is infringed.⁸ As a result, NPEs are more likely to file a complaint against irrelevant infringers in those minority courts.⁹

To solve the problem, AIA § 19(d) adds 35 U.S.C. § 299.¹⁰ Basically, the new statute is similar to Rule 20. 35 U.S.C. § 299(a) provides,

[w]ith 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—

⁷ 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).

⁸ 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).

⁹ See Dongbiao Shen, Note, *Misjoinder or Mishap? The Consequences of the AIA Joinder Provision*, 29 BERKELEY TECH. L.J. 545, 551–52 (2014).

¹⁰ See Sona Karakashian, Note, *A Software Patent War: The Effects of Patent Trolls on Startup Companies, Innovation, and Entrepreneurship*, 11 HASTINGS BUS. L.J. 119, 123–24 (2015).

- (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 accused product or process*; and
- (2) questions of fact common to all defendants or counterclaim defendants will arise in the action.¹¹

In addition, § 299(b) mandates that independent defendants cannot be joined in the same case merely because they infringe the same patent(s). Section 299(b) provides, “[f]or 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.”¹² Therefore, § 299(b) limits the traditional practice of Rule 20 in some minority district courts.

Section 19 of the AIA (codified at 35 U.S.C. § 299) became effective right after President Obama signed the bill. However, 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].”¹³ Thus, the joinder clause is not retroactive, and only cases filed on or after September 16, 2011 are governed by 35 U.S.C. § 299.¹⁴

¹¹ 35 U.S.C. § 299(a) (Supp. I 2013) (emphasis added).

¹² 35 U.S.C. § 299(b) (Supp. I 2013) (emphasis added).

¹³ Leahy–Smith America Invents Act, Pub. L. No. 112–29, § 19(e), 125 Stat. 284, 333 (2011) (emphasis added).

¹⁴ 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

The legislative history of § 299 shows that Congress intended to overrule some district court decisions which permit joinder of different defendants merely because they infringe the same patent(s).¹⁵ *MyMail, Ltd. v. America Online, Inc.*,¹⁶ decided by the Eastern District of Texas in 2004, was the beginning of the minority view.¹⁷ The *MyMail, Ltd.* court developed the proposition that “severance could be appropriate if the defendants’ methods or products were *dramatically different*.”¹⁸ Because there was no evidence showing any dramatic differences between the accused methods or products, the *MyMail, Ltd.* court permitted joinder.¹⁹ Following *MyMail, Ltd.*, the Eastern District of Texas began to permit joinder merely because the same patents were infringed.²⁰

a number of cases that were filed before the passage of the new joinder provision”).

¹⁵ See H.R. REP. NO. 112–98, pt.1, at 55 n.61 (2011) (“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 WL 3063414 (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”).

¹⁶ *MyMail, Ltd. v. Am. Online, Inc.*, 223 F.R.D. 455 (E.D. Tex. 2004).

¹⁷ See Taylor, *supra* note 4, 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.”).

¹⁸ *MyMail, Ltd.*, 223 F.R.D. at 457 (emphasis added).

¹⁹ See *id.* at 457–58.

²⁰ See Bryant, *supra* note 2, at 698.

Even after the enactment of § 299, the Eastern District of Texas continued to follow its traditional minority view because the cases it handled were filed prior to the effective date of § 299.²¹ Only after *In re EMC*,²² a 2012 Federal Circuit case, holding that merely infringing the same patent does not support joinder under Rule 20,²³ did the Eastern District of Texas start to change its methodology.²⁴ For example, in *Norman IP Holdings, LLC v. Lexmark Int'l, Inc.*,²⁵ the Eastern District of Texas applied *In re EMC* and held, “[t]hat the accused products or processes of the defendants are similar is not enough [to support joinder].”²⁶

The Federal Circuit in *In re EMC* primarily interpreted Rule 20(a)(2)(A) in the context of patent infringement,²⁷ as the case was not subject to the application

²¹ See, e.g., *Imperium (IP) Holdings, Inc. v. Apple Inc.*, No. 4:11-CV-163, 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)), report and recommendation adopted, No. 4:11-CV-163, 2012 WL 461802 (E.D. Tex. Feb. 13, 2012); *Ganas, LLC v. Sabre Holdings Corp.*, No. 2:10-CV-320-DF, 2011 WL 8183246, at *8 (E.D. Tex. Oct. 19, 2011).

²² *In re EMC Corp.*, 677 F.3d 1351 (Fed. Cir. 2012).

²³ See *id.* at 1357.

²⁴ See, e.g., *Phoenix Licensing, LLC v. Aetna, Inc.*, No. 2:11-CV-285-JRG, 2012 WL 3472973, at *1–2 (E.D. Tex. Aug. 15, 2012); *Oasis Research, LLC v. Carbonite, Inc.*, No. 4:10-CV-435, 2012 WL 3544881, at *6 (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, at *3 (E.D. Tex. Aug. 10, 2012).

²⁵ *Norman IP Holdings, LLC*, 2012 WL 3307942 (applying Rule 20 to a pre-AIA lawsuit).

²⁶ *Id.* at *2.

²⁷ See *In re EMC Corp.*, 677 F.3d at 1355–60.

of the AIA's joinder clause.²⁸ In addition, the Federal Circuit briefly addressed "the same accused product or process" requirement under 35 U.S.C. § 299.²⁹ This author knows of no cases since *In re EMC* in which the Federal Circuit has interpreted § 299. Consequently, the *In re EMC* decision has guided district courts in determining whether misjoinder exists under § 299.³⁰

One government survey has shown an increase in the number of patent lawsuits in 2011.³¹ This phenomenon may reflect that § 299 will restrict permissive joinder, and so NPEs have changed their strategies to file separate lawsuits against multiple defendants. But, whether district courts will apply § 299 as intended by Congress is a separate question.

This article intends to explore the applications of § 299 and to propose a "certain connection" approach to resolve the inconsistencies in applications of § 299 among some of the district courts. Part II discusses the *In re EMC* decision and its implications on the interpretation of § 299. Part III and Part IV discuss the applications of § 299 by

²⁸ See George D. Medlock Jr. & David Frist, *Joinder: Over a Year after the America Invents Act*, 5 LANDSLIDE 44, 44 (2013).

²⁹ See *In re EMC Corp.*, 677 F.3d at 1360 n.4.

³⁰ See Shen, *supra* note 9, at 575–76.

³¹ See U.S. GOV'T ACCOUNTABILITY OFFICE, ASSESSING FACTORS THAT AFFECT PATENT INFRINGEMENT LITIGATION COULD HELP IMPROVE PATENT QUALITY 14–15 (2013), <http://www.gao.gov/assets/660/657103.pdf> [<http://perma.cc/E6KN-TEW6>]; see also *Lighting Ballast Control LLC v. Philips Elecs. 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.")..") *cert. granted, judgment vacated sub nom.* *Lighting Ballast Control LLC v. Universal Lighting Techs, Inc.*, 135 S. Ct. 1173 (2015) *abrogated by* *Teva Pharm. USA, Inc. v. Sandoz, Inc.*, 135 S. Ct. 831 (2015).

district courts. Part IV focuses on the approach of the Eastern District of Texas, while Part III discusses the approaches adopted by the majority of the district courts. Part IV demonstrates that the Eastern District of Texas is still willing to permit joinder of independent defendants. Part V focuses on the context of mobile device technologies to show various approaches of permissive joinder among district courts. Part VI describes the rules of the “certain connection” approach.

II. INTERPRETATION OF 35 U.S.C. § 299 UNDER *IN RE EMC*

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

The *In re EMC* decision helps to 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).³² In 2013, the Federal Circuit in *In re Nintendo Co.*³³ 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.”³⁴

³² See 35 U.S.C. § 271(a) (Supp. I 2013) (“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* 183 (Thomson Reuters Nov. 2014 ed. 2013).

³³ *In re Nintendo Co.*, 544 F. App’x 934 (Fed. Cir. 2013).

³⁴ *Id.* at 939.

Therefore, the interpretation of § 299(a) should include the requirements of Rule 20(a)(2).

The Federal Circuit in *In re EMC* primarily interpreted Rule 20(a)(2)(A) and shed light on several aspects of Rule 20.³⁵ 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.’”³⁶ Because of the phrase “series of transactions or occurrences” in Rule 20(a)(2)(A), the court recognized that “a single transaction is not required.”³⁷

Second, there are two categories of possible situations where joinder is proper. In the first category, “defendants are alleged to be jointly liable.”³⁸ In the second category, “any right to relief is asserted against [defendants] jointly, severally, or in the alternative.”³⁹

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.’”⁴⁰ The ultimate question is “under what circumstances is the joinder of independent actors permissible under Rule 20.”⁴¹

To resolve this question, the Federal Circuit started with what is not permissible. The Federal Circuit twisted the transaction-or-occurrence requirement and the requirement

³⁵ See *In re EMC Corp.*, 677 F.3d 1351, 1356–60 (Fed. Cir. 2012).

³⁶ *Id.* at 1356.

³⁷ *Id.*

³⁸ *Id.*

³⁹ *Id.*

⁴⁰ *Id.*

⁴¹ *In re EMC Corp.*, 677 F.3d at 1357.

of a common question of law or fact by stating, “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.”⁴² 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.”⁴³ This statement completely overrules the minority view of joinder.⁴⁴

Then, based on the case law from the Supreme Court and other circuit courts,⁴⁵ the Federal Circuit concluded that joinder of independent defendants may be proper “when there is a *logical relationship* between the separate causes of action.”⁴⁶ 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.”⁴⁷ Second, “the defendants’ allegedly infringing acts, which give rise to the individual claims of infringement, must share an aggregate of operative facts.”⁴⁸

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

⁴² *Id.*

⁴³ *Id.*

⁴⁴ See Dianne Brown Elderkin & Domingo Manuel LLagostera, *Case Management Issues in Patent Infringement Litigation*, 13 SEDONA CONF. J. 77, 86 (2012).

⁴⁵ See *In re EMC Corp.*, 677 F.3d at 1357–58.

⁴⁶ *Id.* at 1358 (emphasis added).

⁴⁷ *Id.*

⁴⁸ *Id.*

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.”⁴⁹ This sameness test mandates a district court to find that “joinder [of independent defendants] is not appropriate where *different* products or processes are involved.”⁵⁰ 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.”⁵¹ 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.”⁵² Alternatively, a patentee must prove that “there is *an actual link* between the facts underlying each claim of infringement.”⁵³

In applying the transaction-or-occurrence test, although not explaining why, the Federal Circuit required district courts to consider six factors (“EMC factors”): (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

⁴⁹ *Id.* at 1359.

⁵⁰ *Id.* (emphasis added).

⁵¹ *Id.*

⁵² *Id.* (emphasis added).

⁵³ *Id.* (emphasis added).

lost profits.”⁵⁴ However, no single factor is dispositive. The transaction-or-occurrence test is a flexible test because “the district court enjoys considerable discretion in weighing the relevant factors.”⁵⁵

B. 35 U.S.C. § 299 and *In re EMC*

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 *In re EMC* decision to the interpretation of § 299. In footnote 4 of the *In re 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.”⁵⁶ Therefore, the Federal Circuit declared that it is not bound by the *In re EMC* decision when interpreting § 299.⁵⁷

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.’”⁵⁸ The question left was what “same” means. Although the Federal Circuit in *In re EMC* established a two-part test which first asks whether “the accused products or processes are the same in respects relevant to the patent,”⁵⁹ the Federal Circuit refused to “decide whether the sameness test in the new legislation is identical to the sameness test [it previously adopted] for

⁵⁴ *Id.* at 1359–60.

⁵⁵ *Id.* at 1360.

⁵⁶ *Id.* at 1360 n.4.

⁵⁷ *See id.* (“[O]ur approach to the new provision is not dictated by this case.”).

⁵⁸ *Id.* (quoting 35 U.S.C. § 299(a)(1)).

⁵⁹ *Id.* at 1359.

cases not covered by the new legislation.”⁶⁰ Thus, the question remains.

Not only is the sameness test unpredictable as interpreted under § 299, but it is also ambiguous as interpreted in the *In re EMC* decision. Every product is to some extent different from another product even though they are under the same product name. For example, Apple’s smartphones and Samsung’s smartphones may be called the same product name “smartphone,” but they are considered different with respect to their operating systems.⁶¹ The standard of “same in respects relevant to the patent” does not help because the *In re EMC* decision does not clarify what “in respects relevant to the patent” means. However, there may be some clue in what does not qualify as the same under the *In re EMC* decision.

Under the *In re EMC* sameness test, accused products or processes infringing the same patent claims may not be the same because the *In re EMC* decision has rejected the “not dramatically different” standard adopted by the Eastern District of Texas.⁶² Under the “not dramatically different” standard, accused products or processes are the same if “some similarity in the allegedly infringing products or processes” exists.⁶³ “Similarity” can be established simply because accused products or processes are alleged to infringe the same patent claims.⁶⁴ For instance, as the

⁶⁰ *Id.* at 1360 n.4.

⁶¹ See Jeremy Andrus et al., *Cider: Native Execution of iOS Apps on Android* 367-68, ASPLOS (2014), http://www.cs.columbia.edu/~nieh/pubs/asplos2014_cider.pdf [<http://perma.cc/P8VQ-8RBK>].

⁶² See *id.* at 1359.

⁶³ *Id.*

⁶⁴ See *id.* *In re EMC Corp.*, 677 F.3d at 1359 (citing *Oasis Research, LLC v. Adrive, LLC*, No. 4:10-CV-435, 2011 WL 3099885, at *2

Federal Circuit in *In re EMC* noticed,⁶⁵ the court in *Oasis Research, LLC v. Adrive, LLC*⁶⁶ found that joinder is appropriate because “each Defendant offers an online backup/storage service to its customers that allegedly infringe Plaintiff’s patents.”⁶⁷ Although *Oasis Research, LLC* is a pre-AIA case applying Rule 20, the Federal Circuit’s refusal to apply the *Oasis Research* holding 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, “[f]or 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.”⁶⁸ 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 literally⁶⁹ or under the doctrine of

(E.D. Tex. May 23, 2011) (“[S]imilarity which [sic] would exist simply because the same patent claims are alleged to be infringed.”).

⁶⁵ *See id.* (quoting *Oasis Research, LLC*, 2011 WL 3099885, at *2).

⁶⁶ *Oasis Research, LLC*, 2011 WL 3099885, at *1.

⁶⁷ *Id.* at *2. But, such finding actually relates to the “transaction or occurrence” requirement. *See id.* (“The similarity of Defendants’ products is sufficient to satisfy the same transaction or occurrence prong.”).

⁶⁸ 35 U.S.C. § 299(b) (Supp. I 2013) (emphasis added).

⁶⁹ *See DeMarini Sports, Inc. v. Worth, Inc.*, 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.’”).

equivalents (“DOE”).⁷⁰ 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 energy efficiency.⁷¹ On the other hand, when DOE is applied, at least one element of the claim cannot read on the accused product or process.⁷² To establish DOE, the accused product or process must have an equivalent, which is insubstantially different from the missing element.⁷³ “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.⁷⁴ The application of DOE indicates that each accused product or process is

⁷⁰ See B. Thomas Watson, *Carbons into Bytes: Patented Chemical Compound Protection in the Virtual World*, 12 DUKE L. & TECH. REV. 25, 29–30 (2014).

⁷¹ See Annabelle Pratt, *Overview of the Use of Copper Interconnects in the Semiconductor Industry* 1–2 (Advanced Energy Industries, Inc. 2004), http://www.advanced-energy.com/upload/File/White_Papers/SL-ELECTROPLATING-270-01.pdf [<http://perma.cc/9KG4-A4FL>].

⁷² See *Epos Techs. Ltd. v. Pegasus Techs. Ltd.*, 766 F.3d 1338, 1348 (Fed. Cir. 2014).

⁷³ 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.’”).

⁷⁴ 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.’”).

literally different from the patented invention on at least one element. It is possible that accused products or processes have different equivalents with respect to the same missing element or different missing elements. Therefore, 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 *In re 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 *In re EMC* decision. For example, the Southern District of Mississippi in *MGT Gaming, Inc. v. WMS Gaming, Inc.*⁷⁵ has even recognized that 35 U.S.C. § 299 preserves the transaction-or-occurrence requirement under Rule 20.⁷⁶ While the Federal Circuit in *In re EMC* has identified the phrase “the same accused product or process” in § 299 as a separate requirement and has referred to it as the sameness test, the sameness test is not a significant requirement because most district courts have adopted the transaction-or-occurrence test.⁷⁷ One exception is *Summit 6*

⁷⁵ *MGT Gaming, Inc. v. WMS Gaming, Inc.*, 978 F. Supp. 2d 647 (S.D. Miss. 2013).

⁷⁶ *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.’”).

⁷⁷ *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 Grp. PLC*, No. 2:12-CV-03487-ODW, 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.”).

LLC v. HTC Corp.,⁷⁸ where the Northern District of Texas found misjoinder simply because iOS-based mobile phones are not the same products as Android-based mobile phones.⁷⁹

III. APPROACHES OF THE MAJORITY OF DISTRICT COURTS

The transaction-or-occurrence test developed by the majority of district courts is often applied in two scenarios: competitor and upstream-downstream.⁸⁰ The competitor

⁷⁸ *Summit 6 LLC v. HTC Corp.*, No. 7:14-CV-0014-O, 2014 WL 4449821 (N.D. Tex. Sept. 10, 2014).

⁷⁹ *See id.* at *16.

⁸⁰ *See, e.g., See, e.g., See, e.g., Broadband iTV, Inc. v. Hawaiian Telcom, Inc.*, No. CIV. 14-00169 ACK, 2014 WL 5580967, at *5–8 (D. Haw. Oct. 30, 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); *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.*, Civ. Action No. 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.*, Civ. Action No. 13-1944(MLC), 13-1951(MLC), 13-1953(MLC), 13-1954(MLC), 13-1959(MLC), 2014 WL 457661 (D.N.J. Feb. 4, 2014)); *MGT Gaming, Inc.*, 978 F. Supp. 2d at 657–63; *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 Grp. PLC*, No. 2:12-CV-03487-ODW, 2012 WL 4513539, at *1–3 (C.D. Cal. Oct. 1, 2012); *Golden Bridge Tech., Inc. v. Apple, Inc.*, No. 2:12-CV-4014-ODW, 2012 WL 3999854, at *1–3 (C.D. Cal. Sept. 11, 2012); *Net Nav. Sys., LLC v. Cisco Sys., Inc.*, No. 4:11-CV-660, 2012 WL 7827543, at *2 Aug. –3 (E.D. Tex. Aug. 22, 2012) *report and recommendation adopted*, No. 4:11-CV-660, 2013 WL 1309837 (E.D. Tex. Mar. 27, 2013); *Motorola Mobility, Inc. v. Apple Inc.*, Nos.

scenario arises when independent defendants are competitors of each other. The upstream-downstream scenario arises when independent defendants are upstream manufacturers and downstream clients (e.g., users, retailers, resellers, distributors) with respect to each other.

A. Competitor Scenario

“Direct competitors” are unlikely to be jointly sued as defendants⁸¹ primarily because it is unlikely to find “the facts underlying the claim of infringement asserted against each [of the] defendant[s to] share an aggregate of operative facts.”⁸² Nevertheless, if competitors are sued as defendants, as in the competitor scenario, district courts have found misjoinder. In these misjoinder decisions, the competitor

1:10-CV-23580-RNS, 1:12-CV-20271-RNS, 2012 WL 3113932, at *4 (S.D. Fla. Jul 31, 2012); *IpVenture, Inc.*, 879 F. Supp. 2d at 429–30; *Omega Patents, LLC v. Skypatrol, LLC*, No. 1:11-CV-24201-KMM, 2012 WL 2339320, at *1–2 (S.D. Fla. June 19, 2012).

⁸¹*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.”) *See, e.g., 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.’”); *MGT Gaming, Inc.*, 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.”); *Golden Bridge Tech., Inc.*, 2012 WL 3999854, at *3 (“Defendants are unrelated competitors that design, manufacture, and sell smartphones and other data communication devices.”); *Motorola Mobility, Inc.*, 2012 WL 3113932, at *4 (“Moreover, HTC and Motorola are competitors, not collaborators, in the smartphone market.”); *IpVenture, Inc.*, 879 F. Supp. 2d at 430 (“They are all direct competitors, which also significantly counsels against their joinder in the same case.”).

⁸² *In re EMC Corp.*, 677 F.3d at 1359.

relationship between the defendants is the key factual concern.

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

In three 2012 cases, each of the plaintiffs tried to assert some similarity among the defendants' products. In *IpVenture, Inc. v. Acer, Inc.*,⁸³ the plaintiff based joinder on the allegation that different accused products use the same components and comply with the same industry standard.⁸⁴ Nevertheless, the District of Delaware held that this allegation alone is not enough to support joinder of claims.⁸⁵ The plaintiff failed to allege any "connection between the industrial standard and alleged infringement."⁸⁶ The court also considered that the defendants are all direct competitors, and recognized it as a factor that "significantly counsels against their joinder in the same case."⁸⁷ Thus, the court held that the infringement claims against the defendants' products do not share an aggregate of operative facts.⁸⁸

⁸³ *IpVenture, Inc.*, 879 F. Supp. 2d 426.

⁸⁴ *See id.* at 430.

⁸⁵ *See id.*

⁸⁶ *Id.*

⁸⁷ *Id.*

⁸⁸ *See id.* (noting that the *IpVenture* plaintiff's approach focuses on the third *EMC* factor: "the use of identically sourced components," but, the District of Delaware did not discuss the third *EMC* factor in the reasoning).

In *Motorola Mobility, Inc. v. Apple Inc.*,⁸⁹ 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.⁹⁰ The Southern District of Florida followed a pre-AIA decision of the Northern District of Illinois,⁹¹ which held, “[s]imply being a member of an industry organization does not indicate that Defendants have jointly designed, developed, manufactured, marketed, or sold their Accused Products.”⁹² Because the OHA was found to be merely an organization promoting products and services based on the Android system,⁹³ the Southern District of Florida held that the connection based on the OHA is “too tenuous.”⁹⁴ The court found that the defendants are “competitors, not collaborators, in the smartphone market.”⁹⁵ Ultimately, the court held that the plaintiff does not satisfy the AIA joinder clause by merely alleging the defendants are members of an industry association promoting products and services that “use the Android platform” infringing the same patent.⁹⁶

⁸⁹ *Motorola Mobility, Inc. v. Apple Inc.*, No. 1:12-CV-20271-RNS, 1:10-CV-23580-RNS, 2012 WL 3113932 (S.D. Fla. Jul 31, 2012)..

⁹⁰ *See id.* at *4.

⁹¹ *Body Sci. LLC v. Boston Sci. Corp.*, 846 F. Supp. 2d 980 (N.D. Ill. 2012) (applying Rule 20 to the pre-AIA lawsuit).

⁹² *Id.* at 989; *see also Motorola Mobility, Inc.*, 2012 WL 3113932, at *4.

⁹³ *See Motorola Mobility, Inc.*, 2012 WL 3113932, at *4.

⁹⁴ *See id.*

⁹⁵ *See id.*

⁹⁶ *See id.*

In *Golden Bridge Tech., Inc. v. Apple, Inc.*,⁹⁷ the plaintiff argued that the defendants' products use one of two baseband processors designed and manufactured by two different third-party suppliers.⁹⁸ Nevertheless, 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]."⁹⁹ The court based its decision on several facts. First, the defendants were "unrelated competitors."¹⁰⁰ Second, no evidence showed that the accused products are identical or that the defendants "collaborated in any manner to infringe the [patent-in-suit]."¹⁰¹ Third, Infringement of the patent-in-suit required other components to work with the alleged baseband processor.¹⁰² Fourth, the plaintiff was a non-practicing entity, which cannot theoretically claim lost profits.¹⁰³

After *Golden Bridge Tech., Inc.*, the Central District of California disregarded whether competition existed between defendants. In 2012, the Central District of California in *Mednovus, Inc. v. QinetiQ Group PLC*¹⁰⁴ found misjoinder of different distributors of the same

⁹⁷ *Golden Bridge Tech., Inc. v. Apple, Inc.*, No. 2:12-CV-4014-ODW, 2012 WL 3999854 (C.D. Cal. Sept. 11, 2012).

⁹⁸ *See id.* at *1.

⁹⁹ *Id.* at *3.

¹⁰⁰ *See id.*

¹⁰¹ *See id.*

¹⁰² *See id.*

¹⁰³ *See Golden Bridge Tech., Inc.*, 2012 WL 3999854, at *3. This consideration echoes the sixth *EMC* factor "whether the case involves a claim for lost profits."

¹⁰⁴ *Mednovus, Inc. v. QinetiQ Grp. PLC*, No. 2:12-CV-03487-ODW, 2012 WL 4513539 (C.D. Cal. Oct. 1, 2012).

manufacturer.¹⁰⁵ The court's analysis began by assuming that the accused products are the same.¹⁰⁶ While admitting that "the only related transactions between these entities are those transactions within the commerce stream,"¹⁰⁷ the court nevertheless held that "these transactions within the commerce stream do not constitute the same transaction or series of transactions."¹⁰⁸ 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.¹⁰⁹

In 2013, the Southern District of Mississippi in *MGT Gaming, Inc. v. WMS Gaming, Inc.*¹¹⁰ 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.¹¹¹ The court dealt with the competitor scenario and the upstream-downstream scenario concurrently.¹¹² Regarding the manufacturer defendants, although the plaintiff did not assert that the

¹⁰⁵ *See id.* at *2–3.

¹⁰⁶ *See id.* at *2 ("Even assuming that each Defendant was infringing on the same products").

¹⁰⁷ *Id.*

¹⁰⁸ *Id.*

¹⁰⁹ *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 products in the Ferroguard line.").

¹¹⁰ *MGT Gaming, Inc. v. WMS Gaming, Inc.*, 978 F. Supp. 2d 647 (S.D. Miss. 2013).

¹¹¹ *See id.* at 651.

¹¹² *See id.* at 659

defendants relate to the same products,¹¹³ the court did not end its analysis. The court held that the plaintiff did not pass the transaction-or-occurrence test.¹¹⁴ The court considered the manufacturer defendants as “direct competitors with different casino clients.”¹¹⁵ The court considered that one manufacturer of gaming machines had no relationship with a transaction involving a second manufacturer, who made and licensed its gaming machines to its client.¹¹⁶ Therefore, the court held that both manufacturers’ products do not “involve the same stream of commerce.”¹¹⁷ Regarding the casino defendants, the court found misjoinder because they have “no relationship to each other beyond the allegation that they have infringed the same patent.”¹¹⁸ The court also recognized the casino defendants as direct competitors and further commented that a “[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 ‘aggregate of operative facts.’”¹¹⁹

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.*,¹²⁰

¹¹³ *See id.* (“MGT’s claims against WMS and Aruze do not relate to the same accused products.”).

¹¹⁴ *See id.* at 660.

¹¹⁵ *Id.* *MGT Gaming, Inc.*, 978 F. Supp. 2d at 660.

¹¹⁶ *Id.*

¹¹⁷ *Id.*

¹¹⁸ *Id.* at 662.

¹¹⁹ *Id.* (quoting *IpVenture*, 879 F. Supp. 2d at 430).

¹²⁰ *Richmond v. Lumisol Elec. Ltd.*, Civ. Action No. 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).

the court followed the prevailing view of other district courts¹²¹ and held that “direct competitors may not be joined in a patent infringement action pursuant to § 299, absent allegations of concerted action.”¹²² Alternatively, the court held that “competitors, absent a conspiracy, are not part of the same transaction.”¹²³ The court 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.¹²⁴ Finally, by applying this conspiracy-or-concert test, the court found misjoinder because the competitor defendants were “not alleged to have acted in concert.”¹²⁵

The approach of the District of New Jersey was adopted later in the same year by the District of Hawaii in *Broadband iTV, Inc. v. Hawaiian Telcom, Inc.*¹²⁶ In *Broadband iTV, Inc.*, two cable television operators were

¹²¹ See *id.* at *5 (citing *MGT Gaming, Inc.*, 978 F. Supp. 2d at 658–59, 663; *Digitech Image Techs., LLC*, 2012 WL 4513805, at *3; *Omega Patents, LLC*, 2012 WL 2339320, at *2).

¹²² *Id.*

¹²³ *Id.*

¹²⁴ 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.”).

¹²⁵ *Id.* at *6.

¹²⁶ *Broadband iTV, Inc. v. Hawaiian Telcom, Inc.*, No. CIV. 14-00169(ACK), 2014 WL 5580967 (D. Haw. 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.

sued jointly.¹²⁷ While the plaintiff asserted that both operators used the same method and system to operate their television services,¹²⁸ the District of Hawaii did not mention the sameness test but rather focused on the competition relationship between these two defendants.¹²⁹ Because of no allegation that the defendants “have acted in concert or conspired together,”¹³⁰ the court concluded that the infringement by these two defendants does not arise out of the same transaction or occurrence.¹³¹

B. 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 sale of the accused products.

The Southern District of Florida in *Omega Patents, LLC v. Skypatrol, LLC*¹³² found proper joinder of a manufacturer and its client because their infringing acts arose from the same series of transactions-or-occurrences.¹³³ The manufacturer sold the client accused products, which then were reconfigured and modified by the client and

¹²⁷ See *id.* at *1.

¹²⁸ 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.’”) (citing Compl. ¶¶ 23–24)).

¹²⁹ See *id.* at *6.

¹³⁰ *Id.*

¹³¹ *Id.*

¹³² *Omega Patents, LLC v. Skypatrol, LLC*, No. 1:11-CV-24201-KMM, 2012 WL 2339320 (S.D. Fla. June 19, 2012).

¹³³ *Id.* at *2.

reabeled as the client's products.¹³⁴ The client was assisted with the information and documentation provided by the manufacturer.¹³⁵ 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].”¹³⁶

In *MGT Gaming, Inc.*, the Southern District of Mississippi treated joinder of a manufacturer and its casino client differently from joinder of different manufacturers.¹³⁷ The court found that one manufacturer made gaming machines and provided the machines to its casino client under an ongoing agreement of revenue sharing and machine maintenance.¹³⁸ The manufacturer's offers for sale and sales of the machines to the casino client constituted a series of transactions, and the use of the machines by the casino client under the ongoing agreement constituted a series of related transactions.¹³⁹ In addition, the court specified some facts in relation to several of the *EMC* factors.¹⁴⁰ First, the infringing acts done by the manufacturer and casino client occurred during the same period and resulted from the mutual agreement.¹⁴¹ Second, the manufacturer and casino client

¹³⁴ *Id.*

¹³⁵ *Id.*

¹³⁶ *Id.*

¹³⁷ *MGT Gaming, Inc.*, 978 F. Supp. 2d at 659.

¹³⁸ *Id.* at 660–61.

¹³⁹ *Id.* at 660.

¹⁴⁰ *Id.* at 661 (“In addition, the Aruze Defendants share various factual considerations outlined in *In re EMC*”).

¹⁴¹ *Id.* (“[T]he 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

maintained a manufacturer-user or joint-user relationship, when the manufacturer provided a maintenance service to the casino client.¹⁴² Last, the revenue sharing agreement was part of a licensing agreement between the manufacturer and casino client.¹⁴³ These facts support joinder in relation 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.¹⁴⁴ Ultimately, the court held that the transaction-or-occurrence test was satisfied.¹⁴⁵

The Central District of California has taken a strict view of an upstream-and-downstream relationship. In

infringement occurred during the same time period.” *In re EMC Corp.*, 677 F.3d at 1359.

¹⁴² *Id.* (“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.” *In re EMC Corp.*, 677 F.3d at 1359.

¹⁴³ *MGT Gaming, Inc.*, 978 F. Supp. 2d at. at 661–62 (“[T]he 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.” *In re EMC Corp.*, 677 F.3d at 1359–60.

¹⁴⁴ *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 MGT is a non-practicing entity.”).”) (quoting *Novartis Vaccines & Diagnostics, Inc. V. MedImmune, LLC*, No. CIV. 11-084-SLR, 2012 WL 3150524, at *2 (D. Del. Aug. 2, 2012) (quoting *Rite-Hite Corp. V. Kelley Co.*, 56 F.3d 1538, 1548 (Fed. Cir. 1995))).

¹⁴⁵ *See id.* at 662.

Digitech Image Techs., LLC v. Agfaphoto Holding GmbH,¹⁴⁶ the plaintiff sued forty-five defendants who can be divided into manufacturers and of retailers.¹⁴⁷ The infringing products were digital cameras.¹⁴⁸ One manufacturer defendant moved for severance from retailer defendants as well as other manufacturer defendants, and the court agreed.¹⁴⁹ While the court did not separate the reasoning for retailers from the reasoning for manufacturers, it did consider the alleged transactions as different transactions.¹⁵⁰ With respect to the manufacturer-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.”¹⁵¹ But, the court held that “these transactions within the commerce stream do not constitute the same transaction or series of transactions.”¹⁵² Considering that the patent liability of a manufacturer is different from that of a retailer,¹⁵³ the court found that a sale from the manufacturer

¹⁴⁶ *Digitech Image Technologies, LLC v. Agfaphoto Holding GmbH*, No. 8:12-CV-1153-ODW, 2012 WL 4513805 (C.D. Cal. Oct. 1, 2012).

¹⁴⁷ *Id.* at *1.

¹⁴⁸ *See id.*

¹⁴⁹ *Id.* at *1, *5.

¹⁵⁰ *See id.* at *3.

¹⁵¹ *Id.*

¹⁵² *Id.* at *3.

¹⁵³ *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).”). *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.

to one retailer is a different transaction from a sale from such retailer to an end user.¹⁵⁴ Therefore, the defendants did not share an aggregate of operative facts.¹⁵⁵ The joinder of the manufacturer and its retailers was improper.¹⁵⁶

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 retail contract without actual sales. In *Pipeline Techs. Inc. v. Telog Instruments Inc.*,¹⁵⁷ 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].”¹⁵⁸ The court held that such allegation is not enough.¹⁵⁹

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,”¹⁶⁰ the District of Arizona distinguished the

Specifically, Invivo’s and ETS Lindgren’s patent liability arises from its sale (or offer for sale) of the Ferrogard products to an end-user. This is entirely different from Metrasens’s liability, which arises from its sale (or offer for sale) of its Ferrogard product to Invivo.”).

¹⁵⁴ *Id.* at *4.

¹⁵⁵ *Id.*

¹⁵⁶ *Id.* at *5.

¹⁵⁷ *Pipeline Techs. Inc.*, 2014 WL 5241719.

¹⁵⁸ *Id.* at *2 (internal quotation marks omitted).

¹⁵⁹ *Id.*

¹⁶⁰ *Id.* (quoting *Richmond*, 2014 WL 1716447, at *3)).

present case from the proposition because the manufacturer here did not provide accused products to the retailer.¹⁶¹ In addition, the court considered the solicitation and promotion of the accused products by the retailer as a different transaction from the manufacturing and selling of the accused products by the manufacturer.¹⁶² 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."¹⁶³ Furthermore, the court found that the retailer's affiliated sales are a fraction of the manufacturer's total sales of the accused products.¹⁶⁴ Therefore, the court held that the plaintiff failed to meet the transaction-or-occurrence test.¹⁶⁵

IV. APPROACH OF THE EASTERN DISTRICT OF TEXAS

Without clear guidance from the Federal Circuit, district courts are developing the case law for applying § 299. While the legislative history and the *In re EMC Corp.* decision both consider the Eastern District of Texas as a minority view,¹⁶⁶ the Eastern District of Texas continues to permit joinder of independent defendants. Thus, this article treats the Eastern District of Texas differently from other district courts.

¹⁶¹ *Id.*

¹⁶² *Id.*

¹⁶³ *Id. Pipeline Techs. Inc.*, 2014 WL 5241719, at *2.

¹⁶⁴ *Id.*

¹⁶⁵ *See id.*

¹⁶⁶ *See, e.g., In re EMC Corp.*, 677 F.3d at 1359 (implying that the Eastern District of Texas' practice is a minority view); H.R. REP. NO. 112-98, pt.1, at 55 n.61 (2011).

A. *Addition to the Third EMC Factor*

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.”¹⁶⁷ This trend started in *Imperium (IP) Holdings, Inc. v. Apple Inc.*,¹⁶⁸ a 2012 decision issued after the enactment of the AIA and before *In re EMC*.¹⁶⁹ There, the joinder issue was governed by Rule 20 only.¹⁷⁰ However, the court commented that the joinder of different cell phone manufacturer defendants is proper even under § 299.¹⁷¹ 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,”¹⁷² but rather “make similar products that use the same technology and in many instances the same image sensor or processor.”¹⁷³

The *Imperium* court focused on “the use of an identical image sensor or processor in different [accused] products.”¹⁷⁴ This approach asks whether “the technology

¹⁶⁷ See *In re EMC Corp.*, 677 F.3d at 1359.

¹⁶⁸ *Imperium (IP) Holdings, Inc.*, 2012 WL 461775.

¹⁶⁹ See generally Leahy-Smith America Invents Act, Pub. L. No. 112-29, 125 Stat. 332 (2011) (codified as amended 35 U.S.C. § 299 (2013)) (creating statutory requirements for joinder in patent infringement suits); *In re EMC Corp.*, 677 F.3d 1351 (Fed. Cir. 2012) (creating judicial guidelines for determining when joinder is appropriate under § 299).

¹⁷⁰ See *Imperium (IP) Holdings, Inc.*, 2012 WL 461775, at *3 n.2.

¹⁷¹ *Id.* at *3 n.3.

¹⁷² *Id.*

¹⁷³ *Id.*

¹⁷⁴ *Id.*

at issue is the same.”¹⁷⁵ If so, then the transaction-or-occurrence test is satisfied.¹⁷⁶ Under *Imperium*, the use of an identical component in different accused products is sufficient to show that the technology at issue is the same.¹⁷⁷

After *Imperium*, the Eastern District of Texas in *Motorola Mobility, Inc. v. Tivo, Inc.*¹⁷⁸ first applied the AIA joinder clause to an upstream-and-downstream scenario.¹⁷⁹ There, the counterclaim plaintiff sued a television signal transmitter equipment manufacturer and cable TV provider jointly.¹⁸⁰ The manufacturer’s equipment was accused of infringing the patent, while the cable TV provider was accused of distributing such equipment.¹⁸¹ When applying § 299, the court did not explain whether the new law changed its Rule 20 practice.¹⁸² 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].”¹⁸³ The *Motorola* court’s approach is similar to the *Imperium* court because they focus on whether the technology or product at issue is the same.

After the Federal Circuit in *In re EMC* limited the scope of joinder under Rule 20, the Eastern District of Texas started to heighten the standard of joinder. In *Norman IP*

¹⁷⁵ *Id.*

¹⁷⁶ *See id.*

¹⁷⁷ *See id.*

¹⁷⁸ *Motorola Mobility, Inc. v. Tivo, Inc.*, No. 5:11-CV-53-JRG, 2012 WL 2935450 (E.D. Tex. July 18, 2012).

¹⁷⁹ *Id.* at *2.

¹⁸⁰ *Id.* at *1.

¹⁸¹ *Id.*

¹⁸² *See id.* at *1–2.

¹⁸³ *Id.* at *2.

Holdings, LLC v. Lexmark Int'l, Inc.,¹⁸⁴ the court held that “the accused products or processes of the defendants are similar is not enough” to support joinder.¹⁸⁵ The court rejected the plaintiff’s “allegations regarding the common use” of the designs of a particular component as a basis of joinder.¹⁸⁶ But, the court actually did not reject the *Imperium* court’s approach.¹⁸⁷ Rather, the court only criticized that the complaint did not explain what “defining characteristic” such particular component possesses in each accused product with respect to each defendant’s infringement.¹⁸⁸ Thus, the *Norman* court indeed modified the *Imperium* court’s approach to require something more than a list of “non-limiting examples of infringing system components.”¹⁸⁹ Under *Norman*, 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].”¹⁹⁰

Five days after *Norman*, on August 15, 2012, the Eastern District of Texas issued a decision in *Oasis Research LLC v. Carbonite, Inc.* to respond to the Federal Circuit’s *In re EMC* decision.¹⁹¹ In *Oasis Research* the court applied the

¹⁸⁴ *Norman IP Holdings, LLC v. Lexmark Int'l, Inc.*, No. 6:11-CV-495, 6:12-CV-508, 2012 WL 3307942 (E.D. Tex. Aug. 10, 2012).

¹⁸⁵ *Id.* at *2 (citing *In re EMC Corp.*, 677 F.3d 1351, 1359 (Fed. Cir. 2012)).

¹⁸⁶ *Id.* at *3.

¹⁸⁷ *See id.*

¹⁸⁸ *See id.* (“The complaint did not mention ARM processors as defining characteristic regarding each defendant’s alleged infringement.”).

¹⁸⁹ *Id.*

¹⁹⁰ *Id.* *Norman IP Holdings, LLC*, 2012 WL 3307942 at *3.

¹⁹¹ *Oasis Research, LLC v. Carbonite, Inc.*, No. 4:10-CV-435, 2012 WL 3544881, at *2 (E.D. Tex. Aug. 15, 2012).

EMC factors¹⁹² and severed all defendants because of a “lack of a logical relationship between the claims against each [d]efendant.”¹⁹³ 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.”¹⁹⁴ Although the court did not explain whether such finding relates to the *EMC* factors, the court looked into something other than the technology.¹⁹⁵

In the same month, the Eastern District of Texas issued two decisions regarding misjoinder in the context of an upstream-and-downstream scenario.¹⁹⁶ In *Net Nav. Sys., LLC v. Cisco Sys., Inc.*,¹⁹⁷ the court applied § 299 and the *EMC* factors.¹⁹⁸ While the plaintiff asserted that the manufacturer defendant and client defendant “are working together in a ‘strategic alliance,’”¹⁹⁹ the court found that “the nature of the relationship” is unknown.²⁰⁰ The court also found that the plaintiff did not identify an appropriate entity of the client defendant or its subsidiaries.²⁰¹ Moreover, no

¹⁹² *Id.* at *4.

¹⁹³ *See id.* at *6.

¹⁹⁴ *Id.* at *5.

¹⁹⁵ *Id.* at *6.

¹⁹⁶ *See* *Net Nav. Sys., LLC v. Cisco Sys., Inc.*, No. 4:11-CV-660, 2012 WL 7827543 (E.D. Tex. Aug. 22, 2012) *adopted by* *Net Nav. Sys., LLC v. Cisco Sys., Inc.*, No. 4:11-CV-660, 2012 WL 1309837 (E.D. Tex. Mar. 27, 2013); *Phoenix Licensing, LLC v. Aetna, Inc.*, No. 2:11-CV-285-JRG, 2012 WL 3472973 (E.D. Tex. Aug. 15, 2012).

¹⁹⁷ *Net Nav. Sys., LLC v. Cisco Sys., Inc.*, No. 4:11-CV-660, 2012 WL 7827543 (E.D. Tex. Aug. 22, 2012).

¹⁹⁸ *Id.* at *3.

¹⁹⁹ *Id.*

²⁰⁰ *Id.*

²⁰¹ *Id.*

allegations were found to support other *EMC* factors.²⁰² Thus, the court found misjoinder.²⁰³ In *Phoenix Licensing, LLC v. Aetna, Inc.*,²⁰⁴ the court applied both § 299 and Rule 20 to the joinder issue raised by a supplier defendant.²⁰⁵ While the *Net Nav. Sys.* court did not analyze the factual allegations by going through all six *EMC* factors,²⁰⁶ the *Phoenix Licensing* court did so.²⁰⁷ The *Phoenix* court found only the first *EMC* factor satisfied.²⁰⁸ Thus, the court severed the supplier defendant from the present case.²⁰⁹

B. Recent Development

Although a series of 2012 decisions may show that the Eastern District of Texas has become unlikely to permit joinder, that is not the whole story. In 2014, the Eastern

²⁰² *Id.*

²⁰³ *See id.*

²⁰⁴ *Phoenix Licensing, LLC v. Aetna, Inc.*, No. 2:11-CV-285-JRG, 2012 WL 3472973 (E.D. Tex. Aug. 15, 2012).

²⁰⁵ *Id.* at *1.

²⁰⁶ *Net Nav. Sys., LLC*, 2012 WL 7827543, at *3 (analyzing only the same transaction or occurrence factor).

²⁰⁷ *Phoenix Licensing, LLC*, 2012 WL 3472973, at *2.

²⁰⁸ *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.”).

²⁰⁹ *Id.*

District of Texas started to resume its tendency to grant joinder.²¹⁰

In two cases, the court allowed some initial discovery to develop evidence for determining whether joinder is proper.²¹¹ In *Contentguard Holdings, Inc. v. Google, Inc.*,²¹² the court dealt with mobile device manufacturers as joint defendants who are accused of using infringing software applications in their mobile devices.²¹³ While recognizing that the infringement claims against different manufacturers depend on each accused device provided by each manufacturer,²¹⁴ the court looked into the software side of the infringement claims.²¹⁵ The court required some evidence showing “how the accused software-hardware combination corresponds to claims of the asserted patents.”²¹⁶ Although the outcome after the court permitted discovery is not clear,²¹⁷ the court did provide guidance to

²¹⁰ See *infra* Part IV.B.

²¹¹ *Star CoLED Techs., LLC v. Sharp Corp.*, No. 2:13-CV-416-JRG, 2014 WL 1998051, at *3 (E.D. Tex. May 15, 2014); *Contentguard Holdings, Inc. v. Google, Inc.*, No. 2:14-cv-00061-JRG, 2:13-cv-01112-JRG, 2014 WL 1477670, at *5 (E.D. Tex. Apr. 15, 2014).

²¹² *Contentguard Holdings, Inc.*, 2014 WL 1477670.

²¹³ *Id.* at *1.

²¹⁴ See *id.* at *5 (“Despite the existence of a hardware component, the infringement of which may depend on the different devices supplied by individual Manufacturer Defendant,”).

²¹⁵ 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 *In re EMC, Corp.*, 677 F.3d at 1359)).

²¹⁶ *Id.*

²¹⁷ See *id.*

predict how the outcome from the discovery will impact its ruling on the joinder issue.²¹⁸ The ultimate question was whether the infringement claims are primarily software or hardware-based.²¹⁹ That is, if infringement is caused primarily by software applications, the software applications become a feature linking the claims against different accused products.²²⁰ But, if the hardware plays the “dominant role” when the software applications are “used specifically” in each accused device, the claim against each defendant would be different because each of the accused products would be different.²²¹ The court held that if the first case is established, “an actual link” can be found to connect all defendants and to support joinder.²²² In *Star CoLED Techs., LLC v. Sharp Corp.*,²²³ the court dealt with a manufacturer-client scenario.²²⁴ The plaintiff asserted that the manufacturer-made components in the client’s end products are made under a joint venture between both parties.²²⁵ While the defendants submitted employee declarations of

²¹⁸ See *id.* *Contentguard Holdings, Inc.*, 2014 WL 1477670, at *5.

²¹⁹ 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)).

²²⁰ *Id.*

²²¹ *Id.*

²²² See *id.*

²²³ *Star CoLED Techs., LLC*, 2014 WL 1998051.

²²⁴ *Id.* at *1.

²²⁵ *Id.* at *2.

the alleged joint venture, the court found that the record was not enough to determine whether joinder was proper.²²⁶ Thus, the court permitted discovery in relation to the joint venture.²²⁷ The court expected the discovery to help determine “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.’”²²⁸

The “actual link” approach under *Contentguard Holdings* and *Star CoLED* reflects a proposition in *In re 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.”²²⁹ 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.²³⁰ On the other hand, the *Star CoLED* decision indicates that the court focused on the fourth *EMC* factor, because the court specified the joint venture as a potential link between the infringement claims against the defendants.²³¹

After *Contentguard Holdings* and *Star CoLED*, the Eastern District of Texas issued two more decisions

²²⁶ *Id.*

²²⁷ *Id.* at *2–3.

²²⁸ *Id.* at *2 (citing *In re EMC Corp.*, 677 F.3d at 1359).

²²⁹ *In re EMC Corp.*, 677 F.3d at 1359 (emphasis added).

²³⁰ *Contentguard Holdings, Inc.*, 2014 WL 1477670, at *5.

²³¹ *Star CoLED Techs., LLC*, 2014 WL 1998051, at *2.

permitting joinder in 2014.²³² In *NFC Tech., LLC v. HTC Am.*,²³³ the court found proper joinder of different manufacturers because they used the same component in the same way to infringe the patent.²³⁴ One defendant argued that the accused products made by the defendants are different.²³⁵ But, the court found that the accused products have some of the same components—a feature in each accused product in the alleged infringement.²³⁶ The court held that the plaintiff’s allegation meets the *In re EMC* standard that “the product must be ‘the same in respects relevant to the patent.’”²³⁷ 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.”²³⁸ Because the court focused primarily on the third *EMC* factor, the court criticized that the defendant’s “different product” approach is too narrow.²³⁹ In *Smartflash LLC v. Apple, Inc.*, the court found proper joinder of a mobile phone provider and some

²³² See *Smartflash LLC v. Apple, Inc.*, No. 6:13-cv-447, 2014 WL 4421657 (E.D. Tex. Sept. 8, 2014); *NFC Tech., LLC v. HTC Am.*, No. 2:13-CV-01058-JRG, 2014 WL 3834959 (E.D. Tex. Aug. 1, 2014).

²³³ *NFC Tech., LLC*, ---2014 WL 3834959.

²³⁴ *Id.* at *2.

²³⁵ *Id.*

²³⁶ *Id.*

²³⁷ *Id.* (quoting *In re EMC Corp.*, 677 F.3d at 1359).

²³⁸ *Id.* (citing *Imperium (IP) Holdings, Inc.*, 2012 WL 461775, at *2–3).

²³⁹ 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.’” (quoting *In re EMC Corp.*, 677 F.3d at 1359)).

software application developers because the provider offered a software framework to the developers to help them create some function in their software.²⁴⁰ The provider defendant offered two main arguments, which were rejected by the court.²⁴¹ While the defendant asserted that some features in those software applications can show the differences among those software applications, the court disagreed because those features were not covered by the claims.²⁴² Second, the court rejected an argument that joinder is improper even when separate sales of the exact same products are involved.²⁴³ 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 occurrences [under 35 U.S.C. § 299(a)(1)].”²⁴⁴ The court also worried that such narrow interpretation would be conditional only on joint liability.²⁴⁵

A series of decisions from 2012 to 2014 demonstrate that the Eastern District of Texas has made the third *EMC* factor a dispositive factor on whether joinder is proper.²⁴⁶

²⁴⁰ See *Smartflash LLC v. Apple, Inc.*, No. 6:13-CV-447, 2014 WL 4421657, at *3 (E.D. Tex. Sept. 8, 2014).

²⁴¹ See *id.*

²⁴² 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)).

²⁴³ See *id.*

²⁴⁴ *Id.*

²⁴⁵ See *id.*

²⁴⁶ See *Imperium IP Holdings (Cayman), Ltd. v. Samsung Elec. Co, Ltd.*, No. 4:14-CV-371, 2015 WL 137419, at *3 (E.D. Tex. Jan. 9, 2015) (finding misjoinder and severing two Samsung-related

The approach is very different from other sister courts.²⁴⁷ The Eastern District of Texas does not consider the competitor relationship between defendants.²⁴⁸ The conflicting views between the majority of district courts and Eastern District of Texas may cause inconsistent applications of 35 U.S.C § 299. The inconsistent applications of 35 U.S.C § 299 is significant to patent cases in the mobile device industry.

V. EMC FACTORS IN CASES RELATED TO MOBILE DEVICE TECHNOLOGY

A. *Hardware Issues*

In a case where the plaintiff alleges the use of the same hardware component 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 may co-exist.

The Federal Circuit requires a finding of “an actual link between the facts underlying each claim of infringement.”²⁴⁹ The only example of “no actual link” in *In re EMC* is “independently developed products using differently sourced parts [that] are not part of the same

companies from a defendant group of Samsung-family companies primarily because the plaintiff did not make any factual allegations supporting the *EMC* factors); *cf.* *Content Guard Holdings, Inc. v. Amazon.com, Inc.*, No. 2:13-CV-1112-JRG, 2015 WL 1263346, at *8 (E.D. Tex. Mar. 19, 2015) (indicating a willingness to uphold joinder where the record shows “there are common questions of fact; that there are actual links between those facts; and that the ‘same transaction, occurrence, or series of transactions or occurrences’ is being accused.”).

²⁴⁷ See *infra* Part V.

²⁴⁸ See *supra* Parts III & IV.

²⁴⁹ *In re EMC Corp.*, 677 F.3d 1351, 1359 (Fed. Cir. 2012).

transaction, even if they are otherwise coincidentally identical.”²⁵⁰ The “no actual link” example implies one possible situation of joinder: independently developed products using the same sourced parts.²⁵¹ This 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 and LG-branded mobile devices as the accused products.²⁵² The patented technology was “Near Field Communication” (“NFC”) technology, which allows interactions between mobile devices within a short distance.²⁵³ 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 and LG’s products to infringe the patent.²⁵⁴ 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.²⁵⁵ There,

²⁵⁰ *Id.*

²⁵¹ 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.”

²⁵² See *NFC Tech., LLC v. HTC Am.*, No. 2:13-CV-01058-JRG, 2014 WL 3834959, at *1 (E.D. Tex. Aug. 1, 2014).

²⁵³ See *id.*

²⁵⁴ See *id.* at *2.

²⁵⁵ See *Golden Bridge Tech., Inc. v. Apple, Inc.*, No. 2:12-CV-4014, 2012 WL 3999854, at *3 (C.D. Cal. Sept. 11, 2012).

the patented technology was a multichannel spread spectrum system for communicating multiple data sequence signals from multiple data channels.²⁵⁶ The alleged common component was a baseband processor.²⁵⁷ While the use of the same component was alleged, the court held that the use of the baseband processor alone cannot constitute infringement.²⁵⁸ The court also considered that the plaintiff failed to allege how the baseband processor works with the accused mobile devices to infringe the patent.²⁵⁹ Thus, the court found misjoinder.²⁶⁰

While the results of proper joinder were different, the Eastern District of Texas and Central District of California both considered 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 look to the role of those alleged components in patent infringement. Those alleged components must also relate to the infringement claims; otherwise, there is no “actual link between the facts underlying the claims.”

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 the accused

²⁵⁶ *See id.* at *1.

²⁵⁷ *See id.*

²⁵⁸ *See id.* at *3.

²⁵⁹ *See id.*

²⁶⁰ *See id.* (finding that the plaintiff cannot assert lost profits because it is a non-practicing entity).

products and to ask whether the identically sourced components were infringing. 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.

The problem of the Eastern District of Texas's approach is that the third *EMC* factor, "the use of identically sourced components," becomes dispositive. The AIA's joinder clause was created to "clarif[y] that joinder will not be available if it [is] based *solely* on allegations that a defendant has infringed the patent(s) in question."²⁶¹ 35 U.S.C. § 299(b) provides that "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."²⁶² However, alleging the use of identically sourced components alone to support joinder is nothing more than claiming that a defendant has infringed the patent(s) in question by using identically sourced components. Consequently, Congress's objectives are disregarded.

B. Software Issues

When software is alleged as "an actual link" between the claims against different defendants,²⁶³ the Eastern District of Texas has permitted joinder or has been willing to allow discovery related to joinder, 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

²⁶¹ H.R. Rep. No. 112-98, pt.1, at 55 (2011) (emphasis added).

²⁶² 35 U.S.C. § 299(b) (2012).

²⁶³ There may be a question of whether the Federal Circuit applies "identically sourced components" only to physical objects.

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 do not 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 HTC's phones was different from that of Motorola's phones.²⁶⁴ The patented technology related to user interfaces and software for use on mobile devices.²⁶⁵ The plaintiff specified the 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."²⁶⁶ But the court found that the sameness test was not met.²⁶⁷ The court held that HTC's Android software and Motorola's Android software are not the same because they are modified to some extent.²⁶⁸ In *Summit 6 LLC v. HTC Corp.*, the Northern District of Texas severed Apple from other mobile phone companies.²⁶⁹ The patented technology related to web-based media submission tools.²⁷⁰ The plaintiff accused that the messaging technology used by defendants' mobile phones

²⁶⁴ See *Motorola Mobility, Inc. v. Apple Inc.*, No. 1:12-CV-20271-RNS, 1:10-CV-23580-RNS, 2012 WL 3113932, at *4 (S.D. Fla. Jul 31, 2012).

²⁶⁵ See *id.* at *1.

²⁶⁶ See *id.* at *4.

²⁶⁷ See *id.*

²⁶⁸ See *id.* ("HTC and Motorola . . . produce different smartphones that run on at least somewhat modified Android software.").

²⁶⁹ See *Summit 6 LLC v. HTC Corp.*, No. 7:14-CV-0014-O, 2014 WL 4449821, at *16 (N.D. Tex. Sept. 10, 2014).

²⁷⁰ See *id.* at *1.

infringed the patents.²⁷¹ The specifically-accused software was Twitter.²⁷² The court held misjoinder because Apple's products were not the same as the products of other companies.²⁷³ 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.²⁷⁴

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 Holdings, Inc. v. Google, Inc.*, the court allowed discovery related to joinder when the record has not been sufficiently developed to determine whether the joinder of Motorola and other mobile device providers was proper.²⁷⁵ The patented technology related to digital rights management ("DRM").²⁷⁶ The plaintiff asserted that the Amazon Kindle app, Google Play apps, and UITS ("Unique Identifier Technology Solution") specification used in the accused mobile devices infringed the patents.²⁷⁷ While finding that the ground of joinder was not clear, the court permitted some discovery to resolve the question of "how the accused software-hardware combination corresponds to claims of the asserted patents."²⁷⁸ The ultimate question was whether the

²⁷¹ See *id.* at *2.

²⁷² See *id.* at *15.

²⁷³ See *id.* at *16.

²⁷⁴ See *id.*

²⁷⁵ See *Contentguard Holdings, Inc. v. Google, Inc.*, No. 2:14-CV-00061-JRG, 2:13-CV-01112-JRG, 2014 WL 1477670, at *5 (E.D. Tex. Apr. 15, 2014).

²⁷⁶ See *id.* at *1.

²⁷⁷ See *id.* at *5.

²⁷⁸ See *id.*

“claims are predominantly software-based.”²⁷⁹ If so, “the common facts underlying such claims may constitute ‘an actual link’ connecting all Defendants sufficient to support joinder in this case.”²⁸⁰ But if the hardware component plays “the dominant role in determining how the three software applications are used specifically on each Defendant’s device,” “the claims against each Defendant may be sufficiently distinguished such that keeping them jointly in one case would be improper.”²⁸¹ 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 that causes each defendant to infringe the patent may the claim against one defendant be distinguishable from the claim against another defendant.

In those software cases, the infringed patents were primarily based on process claims or system claims implementing a process. The subject matters accused by the patentee were software applications in each case. Software is not a product but a composition of steps implemented in a computer as a process. So, when alleging that the use of software constitutes infringement, the patentee actually asserts a process implemented by the software in the mobile device. Therefore, the sameness test should focus on the accused process rather than the accused product. Thus, the joinder approach of the Eastern District of Texas is superior because the sameness test used by the Southern District of Florida and Northern District of Texas will ignore the real subject matter that infringes the patent.

²⁷⁹ *Id.*

²⁸⁰ *Id.*

²⁸¹ *Id.*

C. Business Relationship Issues

The application of 35 U.S.C. § 299 by the Eastern District of Texas in the context of mobile device technology indicates that the third *EMC* factor, “the use of identically sourced parts,” has become a dispositive factor in its jurisdiction. However, the Eastern District of Texas has considered other *EMC* factors concerning business relationships among defendants. In *Smartflash LLC v. Apple, Inc.*, the court permitted joinder of Apple and app developers and held that “the ‘series of transactions or occurrences’ test is satisfied by Apple offering its Store Kit framework to app developers to help them implement in-app payment functionality.”²⁸² While not specifying any *EMC* factors, the *Smartflash* court actually applied the fourth *EMC* factor because the offering of the Store Kit framework can be considered as “licensing or technology agreements between the defendants.”

On the other hand, the Southern District of Florida has applied business-related *EMC* factors 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.”²⁸³ By adopting a proposition that “that membership in a broad based industry association does not support joinder because “[s]imply being a member of an industry organization does not indicate that [d]efendants have jointly designed, developed,

²⁸² *Smartflash LLC v. Apple, Inc.*, No. 6:13-CV-447, 2014 WL 4421657, at *3 (E.D. Tex. Sept. 8, 2014).

²⁸³ See *Motorola Mobility, Inc. v. Apple Inc.*, No. 1:12-CV-20271-RNS, 1:10-CV-23580-RNS, 2012 WL 3113932, at *4 (S.D. Fla. Jul 31, 2012).

manufactured, or sold their [a]ccused [p]roducts,”²⁸⁴ the court actually admitted that joinder of independent defendants may be based on the fact that the defendants have jointly designed, developed, manufactured, or sold their accused products. The OHA is a group of companies licensed to use Android without charge.²⁸⁵ Google, as the owner of Android, encourages OHA members to implement Google-developed applications in their mobile devices.²⁸⁶ Google also requires OHA members not to develop other operational systems for mobile devices to compete against Android.²⁸⁷ Apparently, the distinct features of the OHA, which the court may be aware of or not, do not amount to a “relationship” qualified as a basis of permissive joinder from the perspective of the Southern District of Florida.

The counterclaim plaintiff, Apple, in *Motorola Mobility, Inc.* listed several facts of the OHA with respect to joint development of Android applications. Regarding the second *EMC* factor, “the existence of some relationship among the defendants,” Apple offered at least three factual allegations.²⁸⁸ First, Apple quoted a news release that states

²⁸⁴ *Id.* (quoting *Body Science LLC v. Boston Scientific Corp.*, 2012 WL 718495, at *5 (N.D. Ill. March 6, 2012)).

²⁸⁵ See Thomas W. Hazlett, *Modular Confines of Mobile Networks: Are iPhones iPhony?*, 19 SUP. CT. ECON. REV. 67, 91 (2011).

²⁸⁶ See *id.* at 92.

²⁸⁷ See Ron Amadeo, *Google’s Iron Grip on Android: Controlling Open Source by Any Means Necessary*, ARS TECHNICA (Oct. 20, 2013, 6:00 PM), [http://arstechnica.com/gadgets/2013/10/googles-iron-grip-on-android-controlling-open-source-by-any-means-necessary/3/\[http://perma.cc/YGR3-KH89\]](http://arstechnica.com/gadgets/2013/10/googles-iron-grip-on-android-controlling-open-source-by-any-means-necessary/3/[http://perma.cc/YGR3-KH89]).

²⁸⁸ See Apple’s Opp’n to HTC Corp., HTC America, Inc., One & Company Design, Inc., and HTC America Innovation Inc.’s Motion to Sever at 9–11, *Motorola Mobility, Inc. v. Apple Inc.*, 2012 WL 3113932 (S.D. Fla. May 29, 2012), (No. 1:12-CV-20271-RNS, 1:10-

HTC and Motorola “have collaborated on the development of Android through the Open Handset Alliance.”²⁸⁹ Second, Apple pointed out several lines of Android source code or other related software applications marked with a HTC or Motorola copyright.²⁹⁰ Third, Apple asserted that “Android’s public storage archives ... confirm the involvement of both HTC and Motorola employees in its development—including the development of code that is potentially relevant to the patents-in-suit.”²⁹¹ Apple also specified that both HTC and Motorola employees contributed to GPS (Global Positioning System) codes of Android and that such GPS codes are related to the patent-in-suit.²⁹² Based on these three factual allegations, Apple requested discovery predicting that it would show additional interplay between HTC, Motorola, Google, and other OHA members in the implementation of the accused features of the Android software development.”²⁹³ Apple expected such discovery to help support the second *EMC* factor.²⁹⁴ Regarding the fifth *EMC* factor, “overlap of the products’ or processes’ development and manufacture,” Apple merely asserted that “the relevant design and development work includes—for both HTC and Motorola—the same work done by OHA participants and Google in designing

CV-23580-RNS), 2012 WL 3186135 [hereinafter Apple’s Opposition].

²⁸⁹ *Id.* at 10 (quoting Industry Leaders Announce Open Platform for Mobile Devices, OPEN HANDSET ALLIANCE (Nov. 5, 2007), http://www.openhandsetalliance.com/press_110507.html [<http://perma.cc/C8SU-NQKP>]).

²⁹⁰ *See id.* at 10–11.

²⁹¹ *Id.* at 11.

²⁹² *See id.*

²⁹³ *Id.* at 12.

²⁹⁴ *See id.*

Android[,] Maps and Play applications.”²⁹⁵ This assertion may be merely a recitation of the fifth *EMC* factor.

Apple did allege several facts to show HTC and Motorola jointly developed the Android system for mobile devices. But the Southern District of Florida did not consider these facts as requirements of the second or fifth *EMC* factor. Furthermore, the court did not permit discovery to identify the nature of the OHA. This approach narrows the application of § 299 because it indicates that only defendants who enter into a joint development agreement or joint venture agreement can be joined in one lawsuit.

VI. PROPOSED RESOLUTION

The inconsistency of the applications of § 299 among different district courts should be resolved. Here, this article proposes a “certain connection” approach in light of congressional intent in creating § 299 that incorporates the *EMC* factors. The “certain connection” approach states that joinder of independent defendants is permissive if their accused products or processes have certain connections with respect to the infringement claims against them.

A. *Congressional Intent*

In the congressional report for the America Invents Act, two paragraphs relate to § 299. In the first paragraph, the report states that “[t]he Act also addresses problems occasioned by the joinder of defendants (sometimes numbering in the dozens) who have tenuous connections to the underlying disputes in patent infringement suits.”²⁹⁶ So Congress was concerned with a situation that defendants’ connections to the lawsuit were tenuous. In other words,

²⁹⁵ *Id.*

²⁹⁶ H.R. Rep. No. 112-98, pt.1, at 54 (2011).

Congress was not troubled with the joinder of defendants having only “certain” connections to the underlying disputes in patent infringement suits.

In the second paragraph, the report states, [p]ursuant to [§ 299], parties who are accused infringers in most patent suits may be joined as defendants or counterclaim defendants only if: (1) relief is asserted against the parties, jointly, severally, or in the alternative, arising out of the same transaction regarding the manufacture, use, or importation of *the accused product or process*; and (2) questions of fact common to all of the defendants will arise in the action.²⁹⁷

The report does not tell us why there is the omission of “same” that is used to modify the phrase “accused product or process” in § 299. Assuming such omission is meaningful, the interpretation of § 299 should not be limited to a condition that the accused products or processes must be “exactly” the same.

The second paragraph also states that “[n]ew § 299 also clarifies that joinder will not be available *if it [is] based solely on* allegations that a defendant has infringed the patent(s) in question.”²⁹⁸ The footnote 61 following the second paragraph shows Congress’s intent to abrogate several district court decisions that represent the minority view of permissive joinder in the context of patent infringement.²⁹⁹ Footnote 61 further instructs courts to follow the majority view and cites *Rudd v. Lux Prods. Corp.* as a leading precedent.³⁰⁰

²⁹⁷ *Id.* at 54–55 (emphasis added).

²⁹⁸ *Id.* at 55 (emphasis added).

²⁹⁹ *See id.* at 55 n.61.

³⁰⁰ *See id.* (citing *Rudd v. Lux Prods. Corp.*, No. 09-CV-6957, 2011 WL 148052 (N.D. Ill. Jan. 12, 2011)).

The abrogated cases can be categorized into two groups. The first group permits joinder merely because all defendants infringe the same patents.³⁰¹ The second group touches on an additional fact related to the similarity of accused products or processes.³⁰² The relevant statements include:

(1) “It is possible that severance could be appropriate if the defendants’ methods or products were *dramatically different*.”³⁰³

(2) “[T]he record before the Court does not show that the products or methods at issue are so *different* that determining infringement in one case is less proper or efficient than determining infringement in multiple cases.”³⁰⁴

(3) “The *similarity* of the defendants’ products is sufficient to satisfy the nucleus of fact or law test.”³⁰⁵

(4) “Even if the designs of each [product] may *differ*, the underlying issue is the same—patent infringement for the same patents. Thus, the reasoning of *Guedry, MyMail, Ltd.*, and *Mannatech, Inc.*—

³⁰¹ See, e.g., *Sprint Commc’ns Co. v. Theglobe.com, Inc.*, 233 F.R.D. 615, 617 (D. Kan. 2006); *Better Educ. Inc. v. Einstruction Corp.*, No. 2-08-CV-446-TJW-CE, 2010 WL 918307, at *1 (E.D. Tex. Mar. 10, 2010); *Mannatech, Inc. v. Country Life, LLC*, No. 3:10-CV-533-O, 2010 WL 2944574, at *1–2 (N.D. Tex. July 26, 2010).

³⁰² See, e.g., *MyMail, Ltd. v. Am. Online, Inc.*, 223 F.R.D. 455, 456–57 (E.D. Tex. 2004); *Adrain v. Genetec Inc.*, No. 2:08-CV-423, 2009 WL 3063414, at *2 (E.D. Tex. Sept. 22, 2009); *Alford Safety Servs., Inc., v. Hot-Hed, Inc.*, No. 10-1319, 2010 WL 3418233, at *9–10 (E.D. La. Aug. 24, 2010); *Eolas Techs., Inc. v. Adobe Sys., Inc.*, No. 6:09-CV-446, 2010 WL 3835762 (E.D. Tex. Sept. 28, 2010).

³⁰³ *MyMail, Ltd.*, 223 F.R.D. at 457 (emphasis added).

³⁰⁴ *MyMail, Ltd.*, 223 F.R.D. at 457 (emphasis added); *Eolas Techs., Inc.*, 2010 WL 3835762, at *2 (emphasis added).

³⁰⁵ *Adrain*, 2009 WL 3063414, at *2 (emphasis added).

namely that patent infringement meets the permissive qualities of the joinder rule—can be applied here.”³⁰⁶

After Congress abrogated those minority cases, the above-listed four statements should be abrogated as well in light of the phrase “the same accused product or process” in § 299. That is, to establish misjoinder, the independent defendants are not required to prove that the accused products or processes are “not similar,” “different,” or “dramatically different.”

But, in light of *Rudd v. Lux Prods. Corp.*,³⁰⁷ it is not to say that misjoinder must be found when the accused products or processes are merely similar. The *Rudd* court standard for the majority view of joinder under Rule 20 includes two aspects. First, the court stated that “a party fails to satisfy Rule 20(a)’s requirement of a common transaction or occurrence where unrelated defendants, based on different acts, are alleged to have infringed the same patent.”³⁰⁸ Second, the court states “allegations that unrelated defendants design, manufacture and sell similar products does not satisfy Rule 20(a)’s requirement.”³⁰⁹ The first proposition is now codified in § 299(b) while the second one is not. Because these two propositions only tell what cannot support joinder, they are not instructive in determining joinder. But, at least these propositions can confirm two minimum requirements of joinder in the context of patent lawsuits: (1) infringement of the same patent(s) and (2) similarity between the accused products or processes.

³⁰⁶ *Alford Safety Servs., Inc.*, 2010 WL 3418233, at *10 (emphasis added).

³⁰⁷ *Rudd v. Lux Prods. Corp.*, No. 09-CV-6957, 2011 WL 148052 (N.D. Ill. Jan. 12, 2011).

³⁰⁸ *Id.* at *3.

³⁰⁹ *Id.*

Rudd may indicate a third minimum requirement. The Northern District of Illinois criticized that the plaintiff “failed to demonstrate how Defendant [A’s] alleged acts of infringement are in any way related to Defendant [B’s] alleged acts of infringement.”³¹⁰ Therefore, permissive joinder requires that the infringement claim against one defendant must be in some way related to the infringement claim against another defendant.

The analysis of the Congressional report indicates that Congress required that to allow the joinder of defendants, courts must find something more than tenuous connections between the defendants and the underlying disputes in patent infringement suits. There are two examples of tenuous connections. First, the same patents are infringed. Second, the accused products or processes are similar. But, the congressional report and § 299 do not show how something more than tenuous connections is determined. Therefore, the question of what is “more than tenuous connections” is open for debate.

B. “The Same Accused Product or Process”

This article offers a “certain connection” approach to determine when “something more than tenuous connections” exists. The first question is whether “the same accused product or process” is a separate requirement under § 299.

Prof. David O. Taylor has provided two interpretations of “the same accused product or process.”³¹¹ The first interpretation is the “one thing” interpretation under which “same” means “one, and only one, thing.”³¹² Adopting the “one thing” interpretation, courts will permit joinder only if the defendants “are all responsible for

³¹⁰ *Id.*

³¹¹ *See* Taylor, *supra* note 4, at 707.

³¹² *See id.*

infringement with respect to that one accused product or process.”³¹³ Although this approach is within the scope of “the same accused product or process,” it is so narrow that joinder is permissive only if the defendants are jointly liable for patent infringement.³¹⁴ Strictly adopting the “one thing” interpretation simply ignores that § 299(a)(1) allows any right to relief to be asserted against the parties severally.

The second interpretation is the indistinguishability interpretation under which different accused products or processes may be considered the same if they “so closely resemble one another or [] that they are indistinguishable in all relevant aspects.”³¹⁵ Accused products of separate infringers may be “indistinguishable in their construction, operation, or both, depending on the asserted claim’s scope.”³¹⁶ Accused processes may be “indistinguishable with respect to their steps,” depending on the asserted claim’s scope.³¹⁷ Although the second interpretation covers more situations that may support joinder, the question is whether the connections of independent defendants to infringement claims are only the indistinguishable features of the accused products or processes. Because the indistinguishability depends on the asserted claim’s scope, Prof. Taylor’s approach merely relies on whether the accused products or processes infringe the same patent(s).

The term “the same accused product or process” is so ambiguous that district courts with a restrictive interpretation will always find improper joinder. For example, in *Motorola Mobility, Inc. v. Apple Inc.*, the Southern District of Florida considered HTC’s and

³¹³ *Id.*

³¹⁴ See *In re EMC Corp.*, 677 F.3d 1351, 1356 (Fed. Cir. 2012).

³¹⁵ Taylor, *supra* note 4, at 707.

³¹⁶ See *id.*

³¹⁷ See *id.*

Motorola’s Android-based smartphones as different smartphones because their Android systems were modified from Google’s original version.³¹⁸ To set aside the ambiguity, the “certain connection” approach takes a view that “sameness” should not be separated from the transaction-or-occurrence requirement. Rather, when determining whether the accused products or processes are the same, the inquiry should focus on the transaction or occurrence aspects of the case. That is, the “concern connection” approach focuses on the alleged similar “transaction, occurrence, or series of transactions or occurrences” that causes the accused products or processes to be considered the same.

C. “Certain Connection” Approach

Although Prof. Taylor’s standard has some drawbacks, the proposed “certain connection” approach is inspired by Prof. Taylor’s indistinguishability interpretation. Under the indistinguishability interpretation, whether accused products are the same depends on whether the construction, operation, or both of these accused products is indistinguishable. But the scope of an asserted patent claim is not a proper baseline for determining the indistinguishability of construction or operation. There should be something more than patent claims.

Before this article further explains the idea of the “certain connection” approach, it is important to first discuss whether *In re EMC* should be part of the case law related to § 299. The Congressional report shows that the enactment of § 299 was intended to stop the minority’s practice of Rule 20.³¹⁹ The report also shows that Congress mandated district

³¹⁸ See *Motorola Mobility, Inc. v. Apple Inc.*, No. 1:12-CV-20271-RNS, 1:10-CV-23580-RNS, 2012 WL 3113932, at *4 (S.D. Fla. Jul 31, 2012).

³¹⁹ See H.R. Rep. No. 112-98, pt.1, at 55 n.61 (2011).

courts to follow the majority approach of Rule 20.³²⁰ So, § 299 should embrace the case law related to Rule 20 which is not inconsistent to the term “the same accused product or process” used in § 299. *In re EMC* should be included because *In re EMC* provides that “[j]oinder of independent defendants is only appropriate where the accused products or processes are the same in respects relevant to the patent.”³²¹ But, the question is whether the analysis based on the six *EMC* factors is too arbitrary because it is unclear when one factor may outweigh another. However, some legal propositions made in *In re EMC* are still instructive and will be adopted by the “certain connection” approach.

In re EMC provides 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.”³²² The “actual link” approach also requires “shared, overlapping facts that give rise to each cause of action, and not just distinct, albeit coincidentally identical, facts.”³²³ The “actual link” approach echoes Congress’s intent to require something more than “tenuous connections to the underlying disputes in patent infringement suits.” Therefore, the “certain connection” approach follows the “actual link” approach. Then, the question is how to determine “an actual link” in light of “shared, overlapping facts.” The *EMC* factors are helpful.

If the accused subject matter is a product, the “certain connection” approach requires “the use of identically

³²⁰ See *id.* (citing *Rudd v. Lux Prods. Corp.*, No. 09–cv–6957, 2011 WL 148052 (N.D. Ill. Jan. 12, 2011)).

³²¹ See *In re EMC Corp.*, 677 F.3d 1351, 1359 (Fed. Cir. 2012).

³²² *Id.* (emphasis added).

³²³ *Id.* (emphasis added).

sourced components” (the third *EMC* factor) in the accused products of independent defendants. “Identically sourced components” serve as not only a connection among accused products but also a connection among the infringement claims against independent defendants. If a product claim is allegedly infringed, the alleged components should be covered by the product claim. If a process claim is allegedly infringed, the alleged components must be involved in performing the alleged infringing steps.

In re EMC does not interpret “identically sourced components,” so it is helpful to look to a dictionary. According to the Merriam-Webster on-line dictionary, “component” means “a constituent part.”³²⁴ The sentence or phrase examples accompanying “component” indicate that “component” can be physical or intangible.³²⁵ Thus, “component” should include a physical component or software component in a product. Second, “identically sourced” should be given its plain meaning as “being from an identical source.” Therefore, “the use of identically sourced components” can be interpreted as “using components which are from an identical source.” Then, the question becomes what constitutes “an identical source.”

Purchasing a component from the same supplier is not enough; otherwise, independent chemical manufacturers that use water from the same public water system may be joined in one lawsuit.³²⁶ The “certain connection” approach

³²⁴ Component *definition*, MERRIAM-WEBSTER, <http://www.merriam-webster.com/dictionary/component> [<http://perma.cc/8FAS-DEK2>], (last visited Sept. 25, 2015).

³²⁵ *Id.* (providing the examples “[h]e sells spare computer components” (tangible) and “[t]he interview is a key component in the hiring process” (intangible)).

³²⁶ *Cf. Mednovus, Inc. v. QinetiQ Group PLC*, No. 2:12-CV-03487-ODW(JCx), 2012 WL 4513539, at *2 (C.D. Cal. Oct. 1, 2012) (holding that a manufacturer selling products to one distributor is a

requires that there must exist “shared, overlapping facts” which constitute an “identical source.” The fifth *EMC* factor, “overlap of the products’ or processes’ development and manufacture,” is very helpful for determining such “shared, overlapping facts.”³²⁷ Because independent defendants develop or manufacture the alleged components or whole accused products together, they may possess or share the technological information of the accused products. The technological information is definitely related to the determination of infringement. So, there will be some “shared, overlapping facts” that can support joinder.

Similarly, if the accused subject matter is a process, the “certain connection” approach requires the inclusion of “identically sourced steps.” “Identically sourced steps” play a role of a connection among accused processes and also connect infringement claims against independent defendants. In addition, “identically sourced steps” can be interpreted as “steps which are from an identical source.” Likewise, the determination of “an identical source” may rely on the fifth *EMC* factor for the same reason illustrated above.

To summarize, the “certain connection” approach focuses on something connecting the infringement claims against independent defendants. “Identically sourced components” used in accused products or “identically sourced steps” used in accused processes are such a connection which can lead to “shared, overlapping facts that give rise to each cause of action.” The determination of

different transaction from the same manufacturer selling to another distributor).

³²⁷ The fourth *EMC* factor “licensing or technology agreements between the defendants” is also helpful when one defendant supplies components to other defendants. But, this situation is unlikely to happen because competitor defendants usually won’t support each other.

“identically sourced” depends on whether there exists “overlap of the products’ or processes’ development and manufacture.”

VII. CONCLUSION

To abrogate the minority view of joinder under Rule 20 and to stop joinder of independent defendants based merely on infringement of 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 ignored by the Eastern District of Texas because its application of 35 U.S.C. § 299 and *In re EMC* are still patentee-friendly.

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

The applications of § 299 by district courts to mobile device technology cases show that the *In re EMC* analysis has created inconsistency. The Eastern District of Texas remains a minority and is still more willing to permit joinder of independent defendants. However, the majority of district courts may have heightened the *In re EMC* analysis in a way, especially for the mobile device industry, such that no two products are the same because there are always some differences in the operating systems of each of the mobile devices. The Federal Circuit may have to revisit *In re EMC* and interpret 35 U.S.C. § 299 to fix the inconsistencies among district courts. Before that, this article proposes a “certain connection” approach, which requires the use of identically sourced components in the accused products or

the inclusion of identically sourced steps in accused processes. The determination of “identically sourced” components or processes relies on whether independent defendants jointly developed or manufactured the alleged components/steps or accused products/processes. Because these defendants possess or share information of the infringed technology, the “shared, overlapping facts” can support joinder.

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-).

